



Press Release

**Sai Hanumant Industries Private Limited
(Erstwhile Sai Hanumant Industries)**

September 7, 2022

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	64.00 (increased from Rs. 40.00 crore including proposed limit of Rs. 0.80 crore)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facilities	10.00 (increased from Rs. 5 crore)	IVR A3 (IVR A three)	Reaffirmed	Simple
Total	74.00 (Seventy four crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Sai Hanumant Industries Private Limited(SHIPL) erstwhile Sai Hanumant Industries continues to derive comfort from extensive experience of the promoter in the rice milling industry, locational advantage being situated in rice producing belt, improvement in capacity utilisation. Further, the ratings also consider improvement in topline along with profitability in FY22 and 4MFY23, and favourable demand outlook for rice and rice product. However, these rating strengths continue to be partially offset by intense competition, vulnerability to agro-climatic risks and changes in the Government regulations, thin profitability and leveraged capital structure with moderate debt service coverage ratio.

Key Rating Sensitivities:

Upward Factors

- Growth in revenues and profitability on a sustained basis.



Press Release

- Improvement in the capital structure with overall gearing improved to below 1.5x and/or improvement in debt protection metrics credit metrics.

Improvement in liquidity

Downward Factors

- Any significant rise in rice procurement cost or significant decline in revenues and/or profitability impacting liquidity.
- Moderation in the capital structure with overall gearing deteriorated below 3x and or moderation in det protection metrics
- Deterioration in liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the proprietor in the rice milling industry**

The promoter Mr. Sunil Dhamejani has an extensive experience of about 10 years in the rice milling industry, thereby fostering strong relationships with customer and suppliers.

- **Location advantage with proximity to key rice growing belt of the country**

SHIPL's paddy processing units are located in Chhattisgarh which counts amongst the key rice growing regions of the country entailing location advantage with respect to the key raw material availability and logistics. Further, most of the customers of the entity also remain in the vicinity of the processing units.

- **Improvement capacity utilization**

The company has increased its installed capacity to 52 MT per hour in FY22 from 48 MT per annum in FY21. The company has achieved a capacity utilization of around ~70-75% in all its units in FY22 and is planning to utilize the capacity at the maximum level with the rise in demand for rice.

- **Steady growth in scale of operations along with profitability**

Total Operating Income of the company increased to Rs. 951.87 crore in FY22(prov.) from 877.94 crore in FY21 with y-o-y growth of 8.42% due to rise in demand for rice from offshore and domestically led by increase in price of wheat for which rice is the substitute. The profitability of the company has improved with the rise in topline. Absolute EBIDTA increased



Press Release

to Rs.20.83 crore in FY22 from Rs.10.90 crore in FY21 and PAT increased to 8.73 crore in FY22 from 4.30 crore in FY21.

- **Favourable demand outlook for rice and rice products**

Rice being a staple diet in the Asian region, its demand prospects remain favourable. India accounts for second largest rice producer and consumer in the world. Globally, given the spread of Indian diaspora also supports the demand for paddy and its products.

Key Rating Weaknesses

- **Intense competition in the rice industry**

The fragmented nature of the rice industry results in stiff competition, which limits the pricing flexibility of the industry participants. This keeps the profitability at modest levels.

- **Vulnerability to agro-climatic risks and changes in the Government regulations**

The Paddy being an agricultural commodity, its production remains susceptible to agroclimatic risks. Thus, any climatic variations impacting supply is likely to have a bearing on its pricing. Government intervention through changes in minimum support price and export regulations may also exhibit an impact on the paddy price movement, ability to pass on the same to the customers remains critical as far as the profitability of rice millers like SHIPL is concerned. Rice milling being a fragmented industry remains marked by presence of mainly unorganised players. Further, commoditised nature and low differentiation of the product dealt also limits the bargaining power of the rice millers.

- **Thin profitability**

The profit margin of the company remained thin over the years due to low value additive nature of rice milling business with less product differentiation and high competition in the operating spectrum. Further, the sales realisation also remains fluctuating based on demand supply situation. EBIDTA and PAT margin though improved to 2.19% and 0.92% in F22 from 1.24% and 0.49% in FY21 respectively remained thin.

- **Leveraged capital structure with moderate debt service coverage indicators**

The capital structure of the company remained leveraged over the past two fiscals marked by its high overall gearing driven by its moderate net worth base and higher dependence on bank borrowings to fund its working capital requirements. The overall gearing ratio remained almost at same level 3.65x as on March 31, 2022 (3.66x as on March 31, 2021) due to increase in total debt. However, Long Term Debt to equity ratio improved to 0.99x as on



Press Release

March 31, 2022 from 1.57x as on March 31 2021 due to repayment of the Term Loans. Total indebtedness of the company remained high at 4.05x as on March 31,2022 though improved from 4.16x as on March 31, 2021 due to accretion of profit to the network. TOL/ATNW (adjusting the unsecured loans from promoter and promoter group) moderated to 3.03x as on March 31, 2022 from 2.77x as on March 31, 2021.

Analytical Approach: Standalone

Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate marked by its expected adequate gross cash accruals as against its debt service obligations during the projected period FY23-25. The company has repayment of Rs.3.81 crores, Rs.3.05 crore and Rs.2.09 crore against gross cash accruals in the range of Rs.10.38 crore to Rs.13.89 crore for FY23 and FY25. Further, the company does not have any major capacity expansion plans in the medium term which imparts comfort. However, the fund based limit utilisation remains 81% during the last 12 months ended July 31, 2022 indicating moderate liquidity buffer.

About the Company

Sai Hanumant Industries Private Limited (SHIPL) erstwhile Sai Hanumant Industries (proprietorship) established in 2005 in Raipur, Chhattisgarh by Mr. Sunil Dhamejani. The proprietorship firm was converted into Private Limited in April 22. The company is primarily engaged in milling of paddy and rice processing. SHIPL has installed capacity of 26 MT Per hour of Paddy to Rice processing and 26 MT of Rice-to-Rice Processing for usna rice with total installed capacity of 52MT Per Hour. The company markets its products in both domestic and international markets.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31.03.2021	31.03.2022
	Audited	Provisional



Press Release

Total Income	877.94	951.87
EBIDTA	10.90	20.83
PAT	4.30	8.73
Total Debt	51.70	82.16
Tangible Net Worth	14.11	22.52
Adjusted Tangible Net Worth	21.21	30.06
EBDITA Margin (%)	1.24	2.19
PAT Margin (%)	0.49	0.92
Overall Gearing Ratio (x)	3.66	3.65

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years				
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22			Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
					January 11, 2022	August 12, 2021	August 02, 2021		
1.	Term Loan 1	Long Term	0.87	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
2.	Term Loan 2	Long Term	0.39	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		



Press Release

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					January 11, 2022	August 12, 2021	August 02, 2021		
3.	Term Loan 3	Long Term	0.30	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
4.	Term Loan 4	Long Term	0.91	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
5.	Term Loan 5	Long Term	0.26	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
6.	Term Loan 6	Long Term	0.16	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
7.	Term Loan 7	Long Term	3.52	IVR BBB-/Stable	IVR BBB-/	-	-		



Press Release

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					January 11, 2022	August 12, 2021	August 02, 2021		
					Stable				
8.	Term Loan 8	Long Term	1.91	IVR BBB-/Stable	IVR BBB-/Stable	-	-		
9	WCTL GECL	Long Term	1.68	IVR BBB-/Stable	IVR BBB-/Stable	-	-		
10	WCTL GECL Extension	Long Term	2.77	IVR BBB-/Stable	IVR BBB-/Stable	-	-		
11	WCDL Cess 2020	Long Term	0.43	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		
12.	Cash Credit 1	Long Term	20.00*	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	IVR BBB-; Credit watch with Developing Implications		
13.	Cash Credit 2	Long Term	10.00	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-; Credit watch with Developing Implications	-		



Press Release

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		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22			Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
					January 11, 2022	August 12, 2021	August 02, 2021		
14.	Proposed Cash Credit	Long Term	0.80	IVR BBB-/Stable	-	-	-		
15.	Packing Credit	Short Term	10.00	IVR A3	IVR A3	IVR A3; Credit watch with Developing Implications	IVR A3; Credit watch with Developing Implications		

*Full Interchangeability permitted between Packing Credit and Cash Credit

*Packing Credit as sublimit of Cash Credit

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com



Press Release

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	July 2022	0.87	IVR BBB-/ Stable
Term Loan 2	-	-	December 2024	0.39	IVR BBB-/ Stable
Term Loan 3	-	-	December 2026	0.30	IVR BBB-/ Stable
Term Loan 4	-	-	March 2024	0.91	IVR BBB-/ Stable
Term Loan 5	-	-	August 2025	0.26	IVR BBB-/ Stable
Term Loan 6	-	-	September 2024	0.16	IVR BBB-/ Stable
Term Loan 7	-	-	April 2024	3.52	IVR BBB-/ Stable
Term Loan 8	-	-	July 2024	1.91	IVR BBB-/ Stable
WCTL GECL	-	-	January 2027	1.68	IVR BBB-/ Stable
WCTL GECL Extension	-	-	July 2025	2.77	IVR BBB-/ Stable
WCDL Cess 2020	-	-	December 2024	0.43	IVR BBB-/ Stable



Press Release

Cash Credit 1	-	-	-	20.00*	IVR BBB-/ Stable
Cash Credit 2	-	-	-	30.00	IVR BBB-/ Stable
Proposed working capital	-	-	-	0.80	IVR BBB-/ Stable
Packing Credit	-	-	-	10.00	IVR A3

*Full Interchangeability permitted between Packing Credit and Cash Credit

*Packing Credit as sublimit of Cash Credit

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sai-Hanumant-sep22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.