

## Sujana Universal Industries Limited

March 05, 2018

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	475.97	CARE D; Issuer not cooperating* (Single D)	Issuer not cooperating
Short-term Bank Facilities	363.00	CARE D; Issuer not cooperating* (Single D)	Issuer not cooperating
<b>Total</b>	<b>838.97</b> <b>(Rupees Eight Hundred Thirty Eight crore and Ninety Seven lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking for information from Sujana Universal Industries Limited to monitor the ratings vide e-mail communications dated 21st June 2017, July 6th 2017 and 16th November 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Sujana Universal Industries Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

#### Detailed description of the key rating drivers

At the time of last rating on December 23, 2016 the following were the rating strengths and weaknesses (Updated for the information available from stock exchange).

#### Key Rating Weaknesses

##### **Stretched liquidity position with ongoing delays in debt servicing**

During FY17, liquidity position of the company continued to remain stretched on account of slower realization from debtors. Given the slow realization of debtors has resulted in stretched liquidity position of the company leading to ongoing delays in meeting debt obligation.

#### Analytical approach: Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology-Wholesale Trading](#)

[Financial ratios – Non-Financial Sector](#)

### About the Company

Sujana Universal Industries Limited (SUIL) was incorporated in August 1986 and is a part of the Sujana Group. The company is engaged mainly in trading and processing of steel products and also derives income from manufacture and sale of steel bearings, electrical appliances and castings.

SUIL is promoted by Mr. Y.S. Chowdhary who has more than 23 years of experience in manufacturing and trading of steel products. The group has diversified business activities with its presence in construction & structural steel, power transmission & telecom towers and allied services, energy (generation, distribution, green energy consulting and manufacture of energy saving LEDs), basic and urban infrastructure development, precision engineering components, domestic appliances and international trade.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

\* Issuer did not cooperate; Based on best available information

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	3153.31	1610.98
PBILDT	131.89	-1.77
PAT	-15.18	-198.21
Overall gearing (times)	1.53	2.75
PBILDT Interest coverage (times)	1.00	NM
PBIT Interest Coverage (times)	0.84	NM

A: Audited NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: NA

Rating History (Last three years): Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

#### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	424.95	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	-	51.02	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	242.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Stand by	-	-	-	120.00	CARE D; ISSUER NOT COOPERATING*

Line of Credit					Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	424.95	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (29-Dec-16)	1)CARE D (16-Oct-15)	-
2.	Fund-based - LT-Term Loan	LT	51.02	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (29-Dec-16)	1)CARE D (16-Oct-15)	-
3.	Non-fund-based - ST-Letter of credit	ST	242.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (29-Dec-16)	1)CARE D (16-Oct-15)	-
4.	Non-fund-based - ST-Stand by Line of Credit	ST	120.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (29-Dec-16)	1)CARE D (16-Oct-15)	-
5.	Non-fund-based - ST-Bank Guarantees	ST	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (29-Dec-16)	1)CARE D (16-Oct-15)	-

\*Issuer not cooperating; Based on best available information

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