

RATING RATIONALE

30 Sep 2019

Sarup Industries Ltd

Brickwork Ratings Downgrades and Reaffirms the ratings for the Bank Loan Facilities of ₹ 22.01 Crores of Sarup Industries Ltd based on best available information, as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (January, 2018)	Present
Fund based	18.51	18.51	Long Term	BWR BB/Stable (BWR Double B)	BWR BB-/Stable (BWR Double B Minus) Issuer Not Cooperating* Downgraded
Non Fund Based	3.50	3.50	Short Term	BWR A4 (BWR A Four)	BWR A4 (BWR A Four) Issuer Not Cooperating* Reaffirmed
Total	22.01	22.01	INR Twenty Two Crores and One Lakh Only		

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on best available information.

Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

BWR has downgraded & reaffirmed the rating of SIP to BWR BB-/A4/Stable Issuer Not Cooperating from BWR BB/A4/Stable.

The company was initially assigned rating of BWR BB/A4 (Outlook: Stable) in January 2018. The rating was due for a review in January 2019. BWR took up with the issuer to provide required information over email and through telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the company, BWR is unable to assess the company's financial performance and its ability to service its debt and maintain a valid rating by downgradation of long term rating and reaffirmation of short term rating.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Net Sales/Revenues	₹ Cr	20.12	44.21
EBIDTA	₹ Cr	-5.84	-0.26
PAT	₹ Cr	-9.15	-3.13
Tangible Net worth	₹ Cr	9.86	19.01
Total Debt : TNW	Times	3.98	1.98
Current Ratio	Times	1.24	1.60

FY19 financials are publically available as SIP is a listed company.

COMPANY PROFILE [AS AVAILABLE WITH BWR IN JANUARY 2018]

Jalandhar based Sarup Industries Limited (SIL), listed on the Bombay Stock Exchange, was incorporated in 1979. SIL is currently engaged in the manufacturing of sports shoes and finished leather on a contract basis for brands such as Puma, Reebok, Bata, Decathlon and United Colors of Benetton. SIL operates through three manufacturing facilities (2 being in Jalandhar, Punjab and 1 in Una, Himachal Pradesh) with a combined installed capacity of manufacturing 12 lakh shoe uppers and 18 lakh shoe pairs per annum.

NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA
RATING HISTORY

Facilities	Current Rating			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2018	2017	2016
Fund Based	Long Term	18.51	BWR BB-/Stable (BWR Double B Minus) Issuer Not Cooperating* Downgraded	BWR BB/Stable (BWR Double B)	NA	NA
Non Fund Based	Short Term	3.50	BWR A4 (BWR A Four) Issuer Not Cooperating Reaffirmed	BWR A4 (BWR A Four)	NA	NA
Total		22.01	INR Twenty Two Crores and One Lakh Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Manufacturing Company](#)
- [Short Term Rating](#)
- [What constitutes Client Non-Cooperation.](#)

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ANNEXURE I

Sarup Industries Ltd

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	State Bank of India	Cash Credit	15.00	0.00	15.00
2.		SLC	0.50	0.00	0.50
3.		Term Loan	3.01	0.00	3.01
4.		ILC/FLC/BG		3.50	3.50
TOTAL					22.01

Total Rupees Twenty Two Crores And One Lakh Only.

For print and digital media

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DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.