

October 30, 2015

Facility	Amount (Rs. Crore)	Rating
<b>Commercial Paper (Proposed)</b>	<b>8.50</b>	<b>SMERA A3 (Assigned)</b>

SMERA has assigned a short term rating of '**SMERA A3**' (**read as SMERA A three**) to the Rs.8.50 crore proposed commercial paper of Satia Industries Limited (SIL). The rating is supported by the company's comfortable financial risk profile marked by moderate profitability, returns and coverage indicators. The rating also takes into account the efficient working capital management reflected in the working capital cycle of ~51 days in FY2014-15 and the extensive experience of the promoters in the paper manufacturing business. However, the rating is constrained by the high gearing of 2.28 times as on March 31, 2015 and exposure to raw material fluctuation risk amidst intense competition in the paper manufacturing industry.

### Rating Sensitivity Factors

- Improvement in profitability margins
- Adequate cash flow generation from incurred capex

### About the Company

Promoted by Mr. Ajay Satia in 1980, SIL is a Punjab-based company engaged in the manufacturing of paper. The company reported net profit of Rs.13.50 crore on total income of Rs.383.98 crore for FY2013-14, as compared with net profit of Rs.13.88 crore on total income of Rs.279.42 crore in FY2012-13. The net worth stood at Rs.85.74 crore as on March 31, 2014, as against Rs.72.25 crore a year earlier. SIL registered revenue of ~Rs.393.13 crore (provisional) in FY2014-15.

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