

Siddharth Global Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Letter of Credit	2.00	SMERA A4 (Assigned)
Proposed Facilities	3.00	SMERA B+/Stable/SMERA A4 (Assigned)

SMERA has assigned a long-term rating of **'SMERA B+' (read as SMERA B plus)** and a short term rating of **'SMERA A4' (read as SMERA A four)** to the Rs.10.00 crore bank facilities of Siddharth Global Private Limited (SGPL). The outlook is **'Stable'**.

The ratings are constrained by the small scale of operations and weak financial risk profile marked by high debt to equity ratio. The ratings are also constrained by the low net worth and foreign exchange fluctuation risk. However, the ratings draw comfort from the company's experienced promoters and established relationships with reputed customers.

SGPL is engaged in the import and distribution of chemicals that find application in the pharmaceutical and paint industry. The company has small scale of operations with revenue of Rs.22.89 crore in FY2014-15 and Rs.27.00 crore in FY2015-16 (provisional). The weak financial risk profile is marked by gearing of 2.28 times as on March 31, 2015 and low interest coverage ratio of 1.24 times for FY2014-15. The networth of the company stands at Rs.2.48 crore as on March 31, 2015. The EBIDTA margin declined from 3.88 per cent in FY2013-14 to 2.88 per cent in FY2014-15. The company imports from China, Germany, Netherlands and Japan thus exposing itself to foreign exchange fluctuation risk.

However, SGPL benefits from its experienced management. The director, Mr. Kishore Lunawat has over two decades of experience in chemical trading. The company caters to a reputed list of clients in the pharmaceutical industry.

Outlook: Stable

SMERA believes that SGPL will continue to maintain a stable outlook in the medium term owing to its experienced management and established customer base. The outlook may be revised to 'Positive' if the scale of operations increases substantially, while also registering increase in its operating and net profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or debt protection metrics.

Rating Sensitivity Factors

- Scaling up operations with increase in operating and net profitability
- Deterioration in the debt protection metrics

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

SGPL, a Mumbai-based company incorporated in 1995 is engaged in the import and distribution of chemicals used in the pharmaceutical and paint industry. The company is currently headed by Mr. Kishore Lunawat.

For FY2014-15, SGPL reported profit after tax (PAT) of Rs.0.09 crore, on operating income of Rs.22.89 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.19.64 crore in the previous year.

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ABOUT SMERA

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