

Press Release

Siddharth Global Private Limited

19 February, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA B+ /Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

**Refer annexure for details*

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

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 and Mr. Naresh Jain.

Key rating drivers

Strengths

Experienced management

The company is promoted by Mr. Kishore Lunawat and Mr. Naresh Jain who possess more than two decades of experience in the business of chemical trading.

Reputed clientele

SGPL has established relations with reputed customers including Dr. Reddy's Laboratories, Aurobindo Pharma Limited, Andhra Organics Ltd and Landmark Pharmaceuticals. The company has long term relations of around 15 to 20 years with its customers and suppliers.

Average financial risk profile

The financial risk profile is average marked by low networth, high gearing and comfortable debt protection metrics. The net worth of the company stood at Rs. 3.00 crore as on 31 March, 2017 compared to Rs. 2.98 crore as on 31 March, 2016. The gearing stood at 2.31 times as on 31 March, 2017 as against 1.75 times as on 31 March, 2016. The Interest Coverage Ratio (ICR) stood at 1.14 times in FY2017 as against 1.28 times in FY2016. The Total Outside Liabilities to Tangible Networth (TOL/TNW) stood at 4.29 times in FY2017 and 3.26 times in FY2016.

Weaknesses

Working capital intensive operations

The operations are working capital intensive marked by high Gross Current Assets days of 238 in FY2017 and 145 in FY2016. Further, the debtor days stood high at 130 days in FY2017 and 115 days in FY2016. The average bank limit utilisation stood at ~ 92.66 percent in the last six months ended 31 December, 2017.

Foreign exchange fluctuation risk

Around 90 percent of the total purchases are imported from China and the rest from Germany, Korea, Thailand Netherlands and Japan. Hence, the company is susceptible to foreign exchange fluctuation risk.

Analytical approach:

SMERA has considered the standalone business and financial risk profile of the company to arrive at the rating.

Outlook – Stable

SMERA believes that SGPL will maintain a Stable outlook over 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 increasing 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.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	21.61	27.85	22.89
EBITDA	Rs. Cr.	0.45	0.77	0.66
PAT	Rs. Cr.	0.03	0.11	0.09
EBITDA Margin	(%)	2.07	2.77	2.88
PAT Margin	(%)	0.16	0.41	0.41
ROCE	(%)	9.59	10.14	9.87
Total Debt/Tangible Net Worth	Times	2.31	1.75	2.28
PBDIT/Interest	Times	1.14	1.28	1.24
Total Debt/PBDIT	Times	7.96	6.29	7.55
Gross Current Assets (Days)	Days	238	145	166

Any other information: Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable): None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
30-Jan, 2018	Cash Credit	Long Term	5.00	SMERA B+ / Stable (Indicative)
	Proposed Working Capital Demand Loan	Long Term	3.00	SMERA B+ / Stable (Indicative)
	Letter of Credit	Short Term	2.00	SMERA A4 (Indicative)
26-Oct, 2016	Cash Credit	Long Term	5.00	SMERA B+ / Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	3.00	SMERA B+ / Stable (Assigned)
	Letter of Credit	Short Term	2.00	SMERA A4 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable
Proposed Facility	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA B+ / Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA A4

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ABOUT SMERA

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