

Press Release

Sampat Aluminium Private Limited (SAPL)

04 January, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA D' (read as SMERA D)** on the Rs. 7.00 crore bank facilities of Sampat Aluminium Private Limited (SAPL).

SAPL was incorporated in 1999. Promoted by Mr. Sanjay Vimalchand Deora and Mr. Sanket Sanjay Deora, the company is engaged in the manufacture of aluminium wire rods at Kalol, Ahmedabad. The registered office is located at Navrangpura, Ahmedabad. The installed capacity stands at 1200 MTPA with current utilisation of 400 MTPA.

Key rating drivers

Strengths

Experienced management

SAPL was incorporated in 1999 by Mr. Sanjay Vimalchand Deora and Mr. Sanket Sanjay Deora. The promoters have experience of almost two decades in the aluminium industry.

Weaknesses

Delays in servicing of debt

There have been instances of delay in servicing of debt obligations during the last three months for around 30 days. The liquidity position is stretched evident from the fully utilised cash credit limit during the last six months ended 30 November, 2017.

Below average financial risk profile

SAPL has below average financial risk profile marked by tangible net worth of Rs. 1.35 crore as on 31 March, 2017 as against Rs. 1.29 crore as on 31 March, 2016. The gearing stood at 5.75 times as on 31 March, 2017 as against 6.79 times in the previous year. The debt of Rs. 7.74 crore mainly consists of term loans of Rs. 2.54 crore and working capital borrowings of Rs. 5.20 crore as on 31 March 2017. The Interest Coverage Ratio (ICR) stood at 1.12 times for FY2017 as against 1.41 times in FY2016. The Debt Service Coverage Ratio (DSCR) stood at 0.95 times for FY2017 as against 1.11 times in FY2016. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 12.85 times as on 31 March, 2017 as against 11.70 times in FY2016. The

Net Cash Accruals/Total Debt (NCA/TD) stood at 0.02 times as on 31 March, 2017 compared to 0.03 times in FY2016.

Working capital intensive operations

The operations are working capital intensive marked by high Gross Current Asset (GCA) of 173 days in FY2017 and 138 days in FY2016. The GCA days are mainly dominated by high inventory of 81 days in FY2017 compared to 70 days in FY2016. This is due to import of raw material i.e. Aluminium. The cash credit facility has been fully utilised in the past six months.

Competitive and fragmented industry

SAPL operates in a highly competitive and fragmented industry characterised by a large number of unorganised players affecting margins.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of SAPL to arrive at the rating.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	37.07	40.45	38.62
EBITDA	Rs. Cr.	1.03	1.04	0.41
PAT	Rs. Cr.	1.03	1.04	0.41
EBITDA Margin	(%)	2.78	2.58	1.06
PAT Margin	(%)	0.15	0.21	(2.23)
ROCE	(%)	10.65	8.08	1.60
Total Debt/Tangible Net Worth	Times	5.75	6.79	7.84
PBDIT/Interest	Times	1.12	1.41	0.42
Total Debt/PBDIT	Times	7.51	8.43	23.20
Gross Current Assets (Days)	Days	173	138	262

Any other information:

Not Applicable

Applicable Criteria

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

Not Applicable

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	3.00	SMERA D
Working Capital Term Loan	Not Applicable	Not Applicable	Not Applicable	2.32	SMERA D
Funded Interest Term Loan	Not Applicable	Not Applicable	Not Applicable	0.39	SMERA D
Proposed Bank Facilities	Not Applicable	Not Applicable	Not Applicable	1.29	SMERA D

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ABOUT SMERA

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