

Press Release

Sanimo Polymers Private Limited (SPPL)

March 08, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	SMERA BB-/ Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as SMERA double B minus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the above mentioned bank facilities of Sanimo Polymers Private Limited. The outlook is '**Stable**'.

Sanimo Polymers Private Limited (SPPL) incorporated in 1986 and promoted by Mr. Suresh Shah and Mr. Tejas Shah. The company is engaged in manufacturing and processing of dyes and polyester yarn, including embroidery yarn, multi-coloured fancy yarn, and carpet yarn. Its manufacturing facility is at Surat, Gujarat. The facility has a Capacity of 220tonnes per month and the utilization is around 200 tonnes per months, i.e. around 90 per cent.

Key rating drivers

Strengths

Established operational track record and experienced management

Sanimo Polymers Private Limited (SPPL) is a private limited company incorporated in 1986 by Mr. Suresh Shah. The promoter is having experience over three decades in textile industry.

Moderate Scale of operations

SPPL has booked revenue of Rs.68.40 crore in FY2016-17 as compared to Rs.62.64 crore in FY2015-16. Further in the current financial the company has booked revenue of Rs.38.00 crore as on Sep 2017. SPPL is growing at a CAGR of 20 per cent from FY14 to FY17.

Moderate financial risk profile

SPPL's financial risk profile is moderate marked by net worth of Rs.15.97 crore as on 31 March 2017. Gearing stands at 1.27 times as on 31 March 2017 compared to 1.39 times as on 31 March 2016. Interest coverage stands at 1.44 times in FY17 compared to 1.61 times in FY16. DSCR is at 1.21 times in FY17 as compared to 1.14 times in FY16.

Weaknesses

Uneven operating margin

SPPL's operating margins have shown uneven trend in the past. EBITDA margins have decreased from 9.05 per cent in FY14 to 7.00 per cent in FY2017.

Competition and fragmented nature of business

The Company is operating in competitive and fragmented nature of industry. There are several players engaged in the dying business in organized and unorganized sector. Hence, the company faces pricing pressure from other competitors. This results in the thin profitability of the company.

Analytical approach:

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

Outlook – Stable

SMERA believes SPPL's outlook will remain stable and the company will benefit over the medium term from its experienced management. The outlook may be revised to Positive in case the company is able to have a steady and diversified revenue profile with stable operating margins and continue to maintain working capital cycle effectively. The outlook may be revised to Negative in case the company faces stretched working capital cycle or fall in revenue.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	68.40	62.64	57.13
EBITDA	Rs. Cr.	4.79	4.34	3.81
PAT	Rs. Cr.	0.52	0.44	0.20
EBITDA Margin	(%)	7.00	6.92	6.67
PAT Margin	(%)	0.76	0.70	0.36
ROCE	(%)	11.11	10.32	9.84
Total Debt/Tangible Net Worth	Times	1.27	1.39	1.17
PBDIT/Interest	Times	1.44	1.61	1.59
Total Debt/PBDIT	Times	4.25	4.50	4.10
Gross Current Assets (Days)	Days	160.31	168.10	142.64

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):

Not Applicable

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	15.00	SMERA BB-/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.01	SMERA BB-/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.81	SMERA BB-/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.26	SMERA BB-/Stable (Assigned)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.27	SMERA BB-/Stable (Assigned)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	0.65	SMERA A4+ (Assigned)

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 suman.chowdhury@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Vishal Choudhary, Analyst - Rating Operations Tel: +91-22-6714 1159 vishal.choudhary@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.