

## Press Release

Saiyed Paper Mills Limited

August 09, 2018



**Rating Assigned**

<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs.9.00 crore bank facilities of Saiyed Paper Mills Limited (SPML). The outlook is '**Stable**'.

SPML was incorporated in 1991 as a public unlisted company by Mr. Saukatali Amin Saiyed and family. The company is engaged in manufacturing of MG Kraft Paper mainly used in packaging industry. The manufacturing unit is based out at GIDC Vapi (Gujarat) with installed production capacity of 30000 tons per annum.

### Key Rating Drivers

#### Strengths

- **Long track record of operations and experienced management**

SPML was incorporated in 1991. The company is headed by Mr. Saukatali Amin Saiyed and family who possess over two decades of experience in this line of business. This has enabled the company to forge healthy relationships with customers and suppliers.

#### Weaknesses

- **Modest scale of operations**

SPML has modest scale of operations marked by operating income of Rs.41.84 crore in FY2018 (Provisional) as against Rs.36.07 crore in FY2017 and Rs.36.64 crore for FY2016.

- **Average financial risk profile**

SPML has average financial risk profile marked by low tangible net worth of Rs.7.81 crore as on 31 March, 2018 (Provisional) as against Rs.7.38 crore in the previous year. The company has a gearing (debt-equity) of 1.81 times as on 31 March, 2018 (Provisional) as against 1.73 times as on 31 March, 2017. The total debt of Rs.14.13 crore as on 31 March, 2018 (Provisional) mainly comprises of working capital borrowing of Rs.11.96 crore, term loan of Rs.0.99 crore and unsecured loan from Director of Rs.1.18 crore. ICR (Interest Coverage Ratio) stood at 1.45 times in FY2018 (Provisional) against 2.10 times in FY2017. Further, NCA/TD stood at 0.03 times in FY2018 (Provisional) as against 0.08 times in FY2017.

- **Working capital intensive operations**

SPML has working capital intensive nature of operations marked by GCA (Gross Current Assets) of 191 days in FY2018 (Provisional) as against 188 days in FY2017. This is mainly due to increase in inventory days of 117 in FY2018 (Provisional) as against 134 days in FY2017.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SPML to arrive at the rating.

### Outlook: Stable

Acuité believes SPML will maintain a 'Stable' profile over the medium term on the back of its experienced management and established presence in the market. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in the company's profitability, or in case of significant deterioration in the capital structure and liquidity position.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	41.84	36.07	36.64
EBITDA	Rs. Cr.	1.29	1.91	1.80
PAT	Rs. Cr.	-0.18	0.34	0.10
EBITDA Margin	(%)	3.08	5.28	4.91
PAT Margin	(%)	-0.44	0.94	0.28
ROCE	(%)	4.43	9.09	9.11
Total Debt/Tangible Net Worth	Times	1.37	0.98	0.99
PBDIT/Interest	Times	1.45	2.10	1.82
Total Debt/PBDIT	Times	7.73	3.59	3.63
Gross Current Assets (Days)	Days	191	188	147

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

### Note on complexity levels of the rated instrument

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

### 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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.75	ACUITE B+ / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.17	ACUITE B+ / Stable (Assigned)
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	0.08	ACUITE B+ / Stable (Assigned)

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### About Acuité Ratings & Research:

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