

Press Release

Saiyed Paper Mills Limited

May 10, 2021



Rating Downgraded

Total Bank Facilities Rated*	Rs.15.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B+/ Outlook: Stable)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE D**' (read as ACUITE D) from '**ACUITE B+**' (read as ACUITE B plus) on the Rs.15.00 Cr bank facilities of Saiyed Paper Mills Limited (SPML).

The rating downgrade is based on the written feedback received from SPML's banker which has confirmed that there have been instances of continuous delays of around 45 days in servicing of principal and interest payments of term loans during the last three months.

About the Company

SPML was incorporated in 1991 as a public unlisted company by Mr. Shaukat Ali Amin Saiyed and other family members. The company is engaged in manufacturing of MG Kraft Paper mainly used in packaging industry. The manufacturing unit is based out at GIDC Vapi, Valsad with an installed led production capacity of 80 tons per day. The company has installed new machinery which will increase the capacity to 120 tonnes per day.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of SPML to arrive at the rating.

Key Rating Drivers

Strengths

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

SPML was incorporated in 1991 by its managing director, Mr. Shaukat Ali Amin Saiyed. The day to day operations are managed by its managing director along with other family members who have experience of over two decades in the paper industry. The company has developed healthy relations with customers and suppliers over the years which helps in getting repeated orders.

Weaknesses

- **Delay in servicing of bank facilities**

The downgrade revision of rating primarily reflects the delays in servicing of debt obligations in term loans and overdrawal in working capital facilities. There have been instances of continuous delays of around 45 days in servicing of principal and interest payments of term loans during the last three months.

Rating Sensitivities

Not Applicable

Material Covenants

None

Liquidity: Poor

The liquidity is poor on account of persistent delays in servicing the debt obligations. There have been instances of continuous delays of around 45 days in servicing of principal and interest payments of term loans during the last three months.

Acuité believes the ability of the company to repay its debt obligations on time will be a key rating sensitivity.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-May-2020	Cash Credit	Long Term	8.75	ACUITE B+/ Stable (Upgraded)
	Term Loan	Long Term	0.66	ACUITE B+/ Stable (Upgraded)
	Term Loan	Long Term	5.25	ACUITE B+/ Stable (Upgraded)
	Proposed Long Term Loan	Long Term	0.34	ACUITE B+/ Stable (Upgraded)
05-Sep-2019	Cash Credit	Long Term	7.75	ACUITE B- (Indicative)
	Term Loan	Long Term	1.17	ACUITE B- (Indicative)
	Proposed Long Term Loan	Long Term	0.08	ACUITE B- (Indicative)
09-Aug-2018	Cash Credit	Long Term	7.75	ACUITE B+/ Stable (Assigned)
	Term Loan	Long Term	1.17	ACUITE B+/ Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.08	ACUITE B+/ Stable (Assigned)

*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	8.75 @	ACUITE D (Downgraded from ACUITE B+/ Stable)
Term Loan	Not Available	Not Available	Not Available	0.66	ACUITE D (Downgraded from ACUITE B+/ Stable)
Term Loan	Not Available	Not Available	Not Available	5.25	ACUITE D (Downgraded from ACUITE

					B+/ Stable)
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	0.34	ACUITE D (Downgraded from ACUITE B+/ Stable)

@sublimit of Rs.2.00 crore – L/C DP/DA 90 days.

Contacts

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About Acuité Ratings & Research:

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