



**Press Release**  
**Sylvan Plyboard India Limited**  
**November 29, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	68.73	ACUITE BBB   Stable   Upgraded   Positive to Stable	-
Bank Loan Ratings	46.00	-	ACUITE A3+   Upgraded
Total Outstanding Quantum (Rs. Cr)	114.73	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long term rating to ‘**ACUITE BBB**’ (read as **ACUITE triple Bf**) from ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and its short-term rating to ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) from ‘**ACUITE A3**’ (read as **ACUITE A three**) for Rs.114.73 Cr. of Sylvan Plyboard India Limited (SPIL). The outlook is revised from ‘**Positive**’ to ‘**Stable**’.

**Rating Rationale for Upgrade**

The rating upgrade reflects the improvement in capital structure brought in by the infusion of IPO proceeds of Rs. 28.05 Cr. in Q2FY2025 to ease the working capital cycle and fund part of capex of the Company. The company’s financial risk profile has improved due to comfortable capital structure, small incremental debt and slightly improved debt protection metrics. The liquidity has improved backed by steady and improved accruals, moderate current ratio and absence of any major debt funded capex plans and IPO proceeds which has been largely applied towards working capital requirement. The rating also continues to draw benefits from the long-standing experience of the promoters in the industry along with increasing scale of operations and improved profitability in H1FY25. These strengths are constrained by working capital intensive nature of operations and fragmented and unorganised nature of the industry.

**About the Company**

Sylvan Plyboard India Limited was incorporated in August 2002 as Singh Brothers Exim Pvt Ltd to take over the operations of Singh Brothers & Co, a proprietorship firm established by late Mr Shree Krishna Singh in 1951. In March 2013, the company was given its current name. The company’s promoters are Mr. Jai Prakash Singh and his son, Mr. Anand Kumar Singh. The manufacturing facility has been strategically located in proximity to Kolkata Port leading to easier imports. SPIL is engaged in manufacturing of various wood products such as face veneer, sawn timber, plywood, block board, flush door and flexi ply across grades and thickness. The company markets its products under the brand name of “Sylvan”, through its network of branch offices, authorized dealers, and sub dealers.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of SPIL to arrive at this rating.

## **Key Rating Drivers**

### **Strengths**

**Long standing experience of the promoters in the industry**

The key promoters, Mr. Jai Prakash and Mr. Anand Kumar Singh have more than 4 decades of experience in the business. The long-standing experience of the promoters and long track record of operations has helped them to establish strong relationships with suppliers and customers; has aided in the establishment of a widespread dealer network for processed timber and other timber products in West Bengal, Odisha, and Uttar Pradesh and in last financial year, Uttarakhand. Acuite derives comfort from the long experience of the management and believes this will benefit the company going forward, resulting in steady growth in the scale of operations.

### **Improvement in scale of operations**

SPIL reported an operating income of Rs. 223.74 crore in FY 2024 as against Rs. 198.56 crore in FY 2023. The increase in operating income is because of better price realizations along with improved capacity utilizations. Further, the company has achieved revenues of around Rs. 108.28 Cr. till September 2024 in H1FY2025. The EBITDA margin improved to 8.50 percent in FY2024 as against 6.85 percent in FY2023. This is due to decrease in cost of raw material prices and automated machineries improving overall operational efficiencies. The PAT margin stood at 2.72 percent in FY24 as against 1.78 percent in FY23. In H1FY2025, the EBITDA was at 9.26 per cent and PAT was at 3.17 per cent. Acuite believes that the scale of operations will improve over the medium term with augmentation of expanded veneer capacity.

### **Healthy Financial Risk Profile**

The financial risk profile of the company is healthy marked by improving net worth, gearing below unity and comfortable debt protection metrics. The tangible net worth of the company stood at Rs. 96.18 Cr. in FY2024 as compared to Rs.88.12 Cr. in FY2023 due to accretion to reserves and infused Rs. 1.97 Cr. as equity capital in FY2024. Further, there has been equity infusion through IPO in July 2024 of Rs. 22.08 Cr. (netoff issue expenses). The gearing of the company stood comfortable at 0.57 times in FY24 as against 0.62 times in FY2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.26 times in FY24 as against 1.31 times in FY2023. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 2.30 times and debt service coverage ratio (DSCR) of 1.41 times for FY2024. The net cash accruals to total debt (NCA/TD) stood healthy at 0.15 times in FY2024. Acuite believes that the financial risk profile will remain healthy over the medium term, supported by steady accruals, comfortable capital structure and debt protection metrics.

### **Weaknesses**

#### **Intensive Working Capital Management**

SPIL has high working capital requirements as evident from Gross Current Assets (GCA) of 306 days for FY2024 as against 312 days for FY2023. Debtor days decreased to 66 days in FY2024 as against 71 days in FY2023 as against 86 days in FY2022. The credit terms vary with relationship of customers but generally it is around 30-60 days. Inventory days stood at 248 days in FY2024 as against 260 days in FY2023. The company has to import raw materials and there is a high lead time involved in procurement and shipment of raw materials. SPIL buys in bulk when the raw materials are cheaper. The creditor days stood at 152 days in FY24 as against 157 days as on FY2023 and 138 days of FY2022. Most of the suppliers of the company provides a credit of 180 to 270 days backed by letter of credit. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

#### **Fragmented nature of the industry**

The industry is highly fragmented and unorganized in nature thereby putting pressure on the profitability margins of the companies engaged in the industry. Furthermore, due to low entry barriers, the competition gets intensified, which put pressure on profitability of the existing as well as new players. Accordingly, the margins of the company may fluctuate, depending upon price movement and level of competition.

### **Rating Sensitivities**

- Movement in revenues and profitability
- Working capital cycle
- Debt funded capex plan

### **Liquidity Position**

#### **Adequate**

The company has adequate liquidity marked by net cash accruals of Rs. 8.47 Cr. in FY24 as against debt obligation of Rs. 3.52 Cr. over the same period. The net cash accruals are expected to improve backed by improving profitability over the medium term. The cash and bank balance stood at Rs. 7.48 Cr. for FY 2024. Further, the current ratio of the company stood at 1.64 times in FY2024 as against 1.60 times in FY23. The working capital cycle of the company is marked by Gross Current Assets (GCA) of 306 days for FY2024 as against 312 days for FY2023. The bank limit utilization of the company has been ~ 76.82 percent for the last six months ended in September 2024. The Company has raised IPO proceeds of which would be applied largely towards working capital, thus improving the liquidity. Acuite believes that the liquidity of the company is likely to remain adequate

over the medium term on account of steady cash accruals, low term debt repayment obligations and moderate current ratio over the medium term.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	223.74	198.56
PAT	Rs. Cr.	6.09	3.53
PAT Margin	(%)	2.72	1.78
Total Debt/Tangible Net Worth	Times	0.57	0.62
PBDIT/Interest	Times	2.30	1.96

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 May 2024	Letter of Credit	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.25	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	39.50	ACUITE BBB-   Positive (Reaffirmed (Stable to Positive))
	Term Loan	Long Term	2.00	ACUITE BBB-   Positive (Reaffirmed (Stable to Positive))
	Covid Emergency Line.	Long Term	4.44	ACUITE BBB-   Positive (Reaffirmed (Stable to Positive))
	Cash Credit	Long Term	16.04	ACUITE BBB-   Positive (Reaffirmed (Stable to Positive))
	Cash Credit	Long Term	3.00	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	1.83	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	0.46	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	0.92	ACUITE BBB-   Positive (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.54	ACUITE BBB-   Positive (Assigned)
14 Feb 2023	Letter of Credit	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	39.50	ACUITE BBB-   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	7.76	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE BBB-   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.22	ACUITE BBB-   Stable (Reaffirmed)
05 Apr 2022	Letter of Credit	Short Term	17.75	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	21.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	9.25	ACUITE A3 (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	3.75	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	6.20	ACUITE BBB-   Stable (Assigned)

	Cash Credit	Long Term	10.25	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	3.02	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	2.76	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.75	Simple	ACUITE A3+   Upgraded ( from ACUITE A3 )
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE A3+   Upgraded ( from ACUITE A3 )
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.50	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.04	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	4.44	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.00	Simple	ACUITE A3+   Upgraded ( from ACUITE A3 )
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.00	Simple	ACUITE A3+   Upgraded ( from ACUITE A3 )
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A3+   Upgraded ( from ACUITE A3 )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.54	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Punjab National Bank	Not avl. / Not appl.	Term Loan	14 Aug 2023	Not avl. / Not appl.	31 Jul 2028	2.00	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	1.83	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2024	0.46	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	0.92	Simple	ACUITE BBB   Stable   Upgraded   Positive to Stable ( from ACUITE BBB- )



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