



Press Release
SUYASH CHEMICAL AND FERTILIZER PRIVATE LIMITED
February 10, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.34	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	23.84	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	59.18	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has reaffirmed its long term rating of **ACUITE BB+ (read as ACUITE double B plus)** and short term rating of **ACUITE A4+ (read as ACUITE A four plus)** on the Rs.59.18 Crore bank facilities of Suyash Chemical and Fertilizer Private Limited (SCFPL). The outlook is 'Stable'.

Rationale for rating

The rating reaffirmation reflects that the Company has a stable business risk profile marked by marginal decline in scale of operations due to dip in realisation in paper products; although there is a slight improvement in capacity utilisation in past 2 years. The operating margin declined marginally from 4.51% in FY23 to 3.97% in FY24 due to the same. The company has a moderate financial risk profile marked by net-worth of Rs.49.46 Crore as on 31st March 2024 against Rs.47.99 Crore as on 31st March 2023.. However the rating remains constrained on account of increase in working capital operations and susceptibility in profitability due to volatility in raw material prices.

About the Company

Uttar Pradesh based; Suyash Chemical and Fertilizer Private Limited (SCFPL) was incorporated in 1994 as a private limited company. SCFPL The company has two business divisions i.e., paper business (75% of its revenues) wherein it manufactures mainly kraft papers and tissue paper at its facility in Basti; and balance from agri business, producing wheat and related products such as flour, maida, suji etc. at Gorakhpur (U.P.). Directors of Suyash Chemical and Fertilizer Private Limited are Mr. Ramji Jaiswal, Mr. Manish Jaiswal, Mrs. Shakuntala Jaiswal, Mr. Sarla Jaiswal and Mr. Suyash Jaiswal.

Unsupported Rating

Not Applicable

Analytical Approach

ACUITE has considered the standalone view on the business and financial risk profile of Suyash Chemical And Fertilizer Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

Incorporated in 2008, SCFPL is promoted by Mr. Ramji Jaiswal, Mr. Manish Jaiswal, Mrs. Shakuntala Jaiswal, Mr. Sarla Jaiswal and Mr. Suyash Jaiswal who have an experience of more than three decades in the aforementioned industry. The extensive experience of the promoters, their active participation and in-depth understanding of the industry, has helped SCFPL in developing long-term relationships with its customers and suppliers. The company is operating in two business segments- i.e. paper and agro products. Acuite believes that extensive experience of the promoters will help company to maintain their business risk profile over the medium term.

Revenue and Profitability

The company has reported revenue of Rs. 181.57 Crores in FY24 against Rs. 208.47 Crores in FY23. The EBITDA Margins of the company stood at 3.97% in FY24 against 4.51% in FY23 and the PAT Margins of the company stood at 0.81% in FY24 against 1.40% in FY23. This dip in top line and EBITDA of the company is because decrease in the realisation in paper division. In addition, the volume sales stood at 51379 MT in paper div. and 17319.8 MT in agro div. in FY2024 from 47044 MT in paper div. and 18772 MT in agro div. in FY2023. Also company has also achieved the revenue of Rs. 150.42 Cr. in 8MFY25.

Acuite believes that company is expected to report increase in scale of operations in near to medium term with stable operating and PAT margin.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by net-worth of Rs.49.46 Crore as on 31st March 2024 against Rs.47.99 Crore as on 31st March 2023. The increase in the net-worth is on an account of small but steady accumulation of profits in reserves. The total debt of the company stood at Rs.56.13 Crore as on 31st March 2024 against Rs.52.20 Crore as on 31st March 2023. The debt of the company comprises Long term debt of Rs.27.09 Crore, Unsecured loans of Rs.0.78 Crore, Short term debt of Rs.24.45 Crore as on 31st March 2024. The increase in the total debt of the company is due to debt funded capex done by the company. Also, the gearing ratio of the company stood at 1.13 times as on 31st March 2024 against 1.09 times as on 31st March 2023. The interest coverage ratio and debt service coverage ratio of the company stood at 2.09 times and 1.03 times respectively as on 31st March 2024 against 2.83 times and 1.38 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 1.34 times as on 31st March 2024 against 1.27 times as on 31st March 2023. Acuite believes that financial risk profile of the company is likely to remain in the same range in near to medium term.

Weaknesses

Working capital Intensive Operations

The working capital operations of the company is marked by GCA days which stood at 162 days as on 31st March 2024 against 142 days as on 31st March 2023. The GCA days are higher on an account of the inventory days which stood at 69 days as on 31st March 2024 against 55 days as on 31st March 2023. Further, the debtor days of the company stood at 63 days as on 31st March 2024 against 50 days as on 31st March 2023 and the creditor days of the company stood at 15 days as on 31st March 2024 against 7 days as on 31st March 2023. Acuite believes that working capital operations of the company is likely to remain in the same range in near to medium term.

Competitive and fragmented nature of industry

SCFPL operates in intensively competitive industry where there is huge number of organized and unorganized players compete. The entry barriers are very low and any fluctuation in raw material price would limit the ability to pass on the price increase due to intense.

Rating Sensitivities

- Movement in operational performance of the company
- Movement in financial risk profile
- Movement in working capital operation

Liquidity Position

Stretched

The liquidity position of the company is stretched. The company has generated net cash accruals of Rs.3.48 Crore as on 31st March 2024 against the debt repayment obligations of Rs.3.26 Crore in the same range. Going forward, the company is expected to generate sufficient net cash accruals of against debt repayment obligations in near to medium term. The Current ratio of the company stood at 2.47 times as on 31st March 2024 against 2.73 times as on 31st March 2023. The unencumbered cash and bank balance of the company stood at Rs.14.76 Crore as on 31st March 2024 against Rs.20.74 Crore as on 31st March 2023. The average bank limit utilization of the company stood at ~94.35% in last six months ended December 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	181.57	208.47
PAT	Rs. Cr.	1.46	2.92
PAT Margin	(%)	0.81	1.40
Total Debt/Tangible Net Worth	Times	1.13	1.09
PBDIT/Interest	Times	2.09	2.83

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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Dec 2023	Bank Guarantee (BLR)	Short Term	18.30	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	23.63	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	3.21	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.43	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	6.13	ACUITE BB+ Stable (Assigned)
	Covid Emergency Line.	Long Term	2.73	ACUITE BB+ Stable (Assigned)
	Covid Emergency Line.	Long Term	3.75	ACUITE BB+ 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.	23.84	Simple	ACUITE A4+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.63	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.21	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2026	2.60	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.79	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	09 May 2031	5.11	Simple	ACUITE BB+ Stable Reaffirmed

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