



Rating Rationale

Satyam Polyplast

16 March 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 14.75 Cr of Satyam Polyplast.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit <i>Sub Limit</i> (PC/PCFC cum FBP/FBD)	6.00 6.00 (1.50)	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)
Non Fund Based Inland/Foreign L/C <i>Sub Limit</i> (Bank Guarantee) (Buyer's Credit)	8.75 8.75 (1.00) (6.00)	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	14.75	INR Fourteen Crores and Seventy Five Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statements of Satyam Polyplast (SP) up to FY17, projected financial statements of FY18 & FY19 and publicly available information and information / clarification provided by the firm's management.

The rating derives comfort from the established track record of operations and experience of promoters. The rating is however constrained by modest scale of operations, small net worth and exposure to intense competition.

Going forward, the firm's ability in consistently achieving projected revenue, the ability of the management to infuse capital, timely debt servicing and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**



Established track record of operations and experience of promoters

SP was established in the year 2002 and promoted by experienced & qualified partners such as Mr. Ashish Agarwal, Mr. Ram Ratan Agarwal and Mrs. Pushpa Agarwal. The promoters have been in the chemical industry for over 15 years and have built relations with Indian and overseas customers and suppliers.

- **Credit Risks:**

Modest scale of operations

SP has modest scale of operations with operating income of Rs. 30.78 crs for FY17 as against Rs. 21.76 crs for FY16.

Small net worth

The net worth of the firm is small and stands at Rs. 3.04 crs in FY17. The same is expected to improve in medium term.

Exposure to intense competition

The firm is exposed to intense competition from large number of organised and unorganised players in the industry.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Satyam Polyplast** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

Satyam Polyplast (SP) is a partnership firm and was established in the year 2002. SP is located in Jaipur, Rajasthan and is engaged in manufacturing of masterbatches with capacity of 15000 metric tonnes (MT) per annum. SP is promoted by Mr Ashish Agarwal, Mr Ram Ratan Agarwal and Mrs Pushpa Agarwal. Satyam Polyplast is a government recognised export house. SP mainly produces speciality grade Masterbatches for Fibre, PP & PE based additive and colour Masterbatches for Plastic Films, Mouldings (Injection Moulding & Blow Moulding), BOPP/ CPP Films, Raffia, Optical Cable, PET Bottle and various other plastic applications. Firm is also engaged as channel partnership with ONGC for Polymer Division.

Firm Financial Performance

In FY17, total operating income and PAT of Satyam Polyplast stood at Rs. 30.78 cr (vs. Rs. 21.76 cr in



FY16) and Rs. 0.31 cr (vs. Rs. 0.12 cr in FY16) respectively. Networth of the firm stood at Rs. 3.04 cr in FY17 (vs. Rs. 5.08 cr in FY16).

Key Financial Indicators

Key Parameters	Units	2017 (A)	2016 (A)
Result Type		Annual	Annual
Operating Revenue	₹ Cr	30.78	21.76
EBITDA	₹ Cr	1.54	1.28
PAT	₹ Cr	0.31	0.12
Tangible Net worth	₹ Cr	3.04	5.08
Total Debt/Tangible Net worth	Times	2.19	0.90
Current Ratio	Times	1.60	2.56

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type(Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund based Cash Credit <i>Sub Limit</i> (PC/PCFC cum FBP/FBD)	Long Term	6.00 6.00 (1.50)	BWR BB- (Outlook: Stable)	-	-	-
2	Non Fund Based Inland/Foreign L/C <i>Sub Limit</i> (Bank Guarantee) (Buyer's Credit)	Short Term	8.75 8.75 (1.00) (6.00)	BWR A4	-	-	-
	Total		14.75	INR Fourteen Crores and Seventy Five Lakhs Only			



Status of non cooperation with previous CRA: The firm has been previously rated by CRISIL and subsequently moved to “Issuer not co-operating” category on 17th November, 2016 due to non availability of requisite information to conduct the rating exercise.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



DISCLAIMER

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