December 17, 2019

Sayaji Industries Limited: Ratings put on notice of withdrawal for six months

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposits	20.00	20.00	MB+ (Stable); Put on notice of withdrawal for 6 months
Total	**20.00**	**20.00**	

**Instrument details are provided in Annexure-1*

Rationale

The medium-term rating assigned to Sayaji Industries Limited (SIL) has been put on notice of withdrawal at the request of the client and ICRA will withdraw the ratings at the end of the withdrawal notice period. This is in accordance with ICRA's policy on withdrawal and suspension of credit ratings.

Key rating drivers

Credit strengths- Not applicable

Credit challenges- Not applicable

Liquidity position: Not applicable

Rating sensitivities – Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statement of the issuer.

About the company

Incorporated in 1941, SIL is promoted by the Mehta family and is involved in manufacturing starch, its downstream derivatives viz. liquid glucose, dextrose monohydrate, anhydrous dextrose, sorbitol and by-products like gluten, maize oil, etc. These products are used in textile, processed foods, pharmaceuticals, chemical, paper and other industries. The manufacturing facility is located at Kathwada, Ahmedabad and is ISO 9001:2008 certified. Equity shares of SIL got listed on BSE Ltd. in October 2017.

SIL had three subsidiaries Sayaji Ingritech LLP (holding 76%), Sayaji Seeds LLP (holding 90%) and Sayaji Corn Products Limited (holding 100%) as on March 31, 2018. SIL also had a joint venture, Sayaji Sethness Limited, with Sethness Products Company, USA, as a forward integration. The entity manufactures liquid caramel colour by using liquid glucose. In July 2018, SIL and its promoters divested stake for USD 3.2 million. Further, SIL has associated concerns namely Sayaji Samruddhi LLP and N.B. Commercial Enterprises Limited, which are involved in real estate and plastic barrels manufacturing, respectively.

In FY2019, the company reported a net profit of Rs. 24.9 crore on an OI of Rs. 621.2 crore, compared to a net profit of Rs. 5.4 crore on an OI of Rs. 579.5 crore in FY2018. Further, SIL reported a net loss of Rs. 3.5 crore on an OI of Rs. 315.6 crore in H1 FY2020.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	579.5	621.2
PAT (Rs. crore)	5.4	24.9
OPBDIT/ OI (%)	4.42%	4.47%
RoCE (%)	12.3%	22.2%
Total Debt/ TNW (times)	1.99	1.69
Total Debt/ OPBDIT (times)	4.42	4.88
Interest Coverage (times)	2.17	2.42
DSCR (times)	1.12	2.00

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)						Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding	Rating			FY2019	FY2018	FY2017
					17-Dec-2019	25-Nov-2019	19-Aug-2019	31-JOct-2018	20-Jul-2017	2-Jun-2016
1	Fixed Deposits	Medium Term	20.00	19.25*	MB+; (Stable) put on notice of withdrawal for six months	MB+; (Stable)	MA- (Negative)	MA- (Stable)	MA- (Stable)	MA- (Stable)
2	Fund Based Limits	Long Term	99.40		-		-	[ICRA]BBB - (Stable); withdrawn	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)
3	Non Fun Based Limits	Short Term	4.15		-		-	[ICRA]A3; withdrawn	[ICRA]A3	[ICRA]A3

Amount in Rs. crore , *as on March 31, 2019

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fixed Deposits	NA	NA	NA	20.00	MB+(Stable); Put on notice of withdrawal for six months

Source: Sayaji Industries Limited

Annexure-2: List of entities considered for consolidated analysis- Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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