

March 22, 2024

Shyam Industries: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term Fund-based – Working Capital Limits^	27.00	27.00	[ICRA]BB+(Stable); Withdrawn
Long term fund-based – Stand by Limit	5.40	5.40	[ICRA]BB+(Stable); Withdrawn
Short term non-fund-based – Letter of Credit**	(10.00)	(10.00)	[ICRA]A4+; Withdrawn
Short term non-fund based – FBG/SBLC**	(4.00)	(4.00)	[ICRA]A4+; Withdrawn
Short term fund-based/non fund based – Forward Cover Exposure	2.00	2.00	[ICRA]A4+; Withdrawn
Total	34.40	34.40	

*Instrument details are provided in Annexure-1, ^ PCH/PCFC/FBP/FBD/REBA

**Sublimit of PCH

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of **Shyam Industries** at the request of the company and based on the No Objection Certificate (NOC) received from the banker, and in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position, and Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

SI was established in 1992 as a partnership firm by Mr. Lalji Vachhani. The firm processes (cleans and sorts) and exports agro commodities, such as sesame seeds, amaranth seeds, flax seeds, and kalonji. Of these, sesame seeds remain the major revenue earner. SI is managed by Mr. Sanjay Vachhani and Jay Vachhani, who have more than a decade's experience in the agro-commodity industry. This helps the firm receive continuous orders from its end customers. SI's processing facility is located at Naroda (industrial area) in Ahmedabad, Gujarat, and has an installed production capacity of 125 metric tonnes per day.

Key financial indicators (audited):

	FY2021	FY2022
Operating income	111.3	97.6
PAT	4.2	3.9
OPBDIT/OI	6.0%	6.2%
PAT/OI	3.8%	4.0%
Total outside liabilities/Tangible net worth (times)	1.4	0.2
Total debt/OPBDIT (times)	4.6	0.7
Interest coverage (times)	5.8	5.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
				Mar 22, 2024	Dec 01, 2022	Dec 03, 2021	Oct 13, 2020	
1 Working Capital Limits - PCH/PCFC/FBP/ FBD/REBA	Long-term	27.00	NA	[ICRA]BB+(Stable) Withdrawn	[ICRA]BB+ (Stable)	-	-	
2 Standby Limit	Long-term	5.40	NA	[ICRA]BB+(Stable) Withdrawn	[ICRA]BB+ (Stable)	-	-	
3 Letter of Credit	Short-term	(10.00)	NA	[ICRA]A4+ Withdrawn	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	
4 FBG/SBLC	Short-term	(4.00)	NA	[ICRA]A4+ Withdrawn	[ICRA]A4+	-	-	
5 Forward Cover Exposure	Short-term	2.00	NA	[ICRA]A4+ Withdrawn	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	
6 Working Capital Limits - PCH/PCFC/FBP/ FBD/REBA	Long-term/Short-term	--	--	-	-	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BBB- (Stable)/ [ICRA]A3	
7 Standby Limit	Long-term/Short-term	--	--	-	-	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BBB- (Stable)/ [ICRA]A3	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – PCH/PCFC/FBP/FBD/REBA	Simple
Long-term – Fund-based – Stand by Limit	Simple
Short-term – Non-fund-based – Letter of Credit	Very simple
Short-term – Non-fund-based – FBG/SBLC	Very simple
Short-term – Fund-based/Non-fund-based – Forward Cover Exposure	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Working Capital Limits PCH/PCFC/FBP/FBD/REBA	FY2018	~8%	NA	27.00	[ICRA]BB+(Stable); withdrawn
NA	Standby Limit	-	-	-	5.40	[ICRA]BB+(Stable); withdrawn
NA	Letter of Credit	-	-	-	(10.00)	[ICRA]A4+; withdrawn
NA	FBG/SBLC	-	-	-	(4.00)	[ICRA]A4+; withdrawn
NA	Forward Cover Exposure	-	-	-	2.00	[ICRA]A4+; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not applicable

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