



Press Release

Samaro Global Industries Private Limited

April 04, 2024

Ratings

Facilities	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Facility-Term Loan	34.69	IVR BB-/Stable (IVR Double B minus with Stable Outlook)	Assigned	Simple
Short Term Facility-Packing Credit	49.50	IVR A4 (IVR A Four)	Assigned	Simple
Short Term Facility-Letter of Credit	2.00	IVR A4 (IVR A Four)	Assigned	Simple
Total	86.19 (Rupees Eighty-six crore and nineteen lakhs)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Samaro Global Industries Private Limited (SGIPL) derives comfort from its moderate scale of operations with healthy order book, experienced promoters and management team. However, the rating is constrained on account of leveraged capital structure, weak debt coverage indicators and client concentration risk.

Key Rating Sensitivities:

Upward Factors

Significant improvement in revenue while maintaining profitability leading to improvement in overall credit profile.

Downward Factors

Any decline in scale of operations and/or profitability leading to sustained deterioration in overall credit profile.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Moderate Scale of operations, improved profitability with healthy order book:

SGIPLs total operating income increased marginally by 1.91% in FY23 to Rs. 82.06 crore from Rs 80.52 Crores in FY22. However, EBITDA Margin has improved from 4.15% in FY22 to 16.96% in FY23 on account of declined in total cost as % of sales to 83.04% in FY23 from 95.85% in FY22.

SGIPL has reported total income of Rs.113.50 crore in 9MFY24 with benefits of capacity expansion. Company has an order book of ~ Rs.200 crore as on December 31,2023 to be executed in FY25 showcasing which shows medium term revenue visibility.

Experienced promoters:

SGIPL is promoted and managed by Mr. Paresh Vinod Parekh (Managing Director) and Mr. Haresh Parekh (Director). Both have extensive experience in plastics industry with their association with group company National plastic industries limited.

Key Rating Weaknesses

Leveraged capital structure:

SGIPL's capital structure remains leveraged with TOL/TNW and overall gearing of 9.74x and 5.43x respectively in FY23 (FY22: 6.60x and 3.09x respectively). The capital structure is leveraged due to increase in overall debt which has increased to Rs.97.89 crore in FY23 from Rs.53.07 crore FY22.

Elongated operating cycle:

SGIPL's operating cycle has increased from 60 days in FY22 to 240 days in FY23 on account of increase in inventory holding period. SGIPL manufacturing capacity was closed for 6 months ending December 2022 due to which company was not able to sell its inventory, resulting in increased inventory period from 71 days in FY22 to 254 days in FY23. Going forward Operating cycle is expected to improve and will be in the range of 150-180 days.



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Client concentration risk:

The SGIPL is exposed to high level of customer concentration risk, MS International Inc accounted for ~80% of sales out of total revenue for FY23.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for Rating Outlook](#)

[Policy on Default Recognition](#)

Liquidity – Stretched

SGIPL's DSCR was below 1x for FY23. Infomerics notes that, GCA is likely to be around Rs.20.75 crore against debt repayments of Rs.11.40 crore for FY24. Further, SGIPL's working capital utilisation remained at ~96% for PCFC and 69% for CC for the period ending January 2024. SGIPL had Cash and Bank balance of Rs. 0.47 crore as on 31 Dec 2023. Current Ratio stood at 0.59x in FY23 reflecting stretched liquidity.

About SGIPL

Samaro Global Industries Private Limited (SGIPL) was incorporated in October 2019, by Mr. Paresh Vinod Parekh and Mr. Haresh Paresh Parekh, to setup manufacturing of Stone Plastic Composite (SPC) and Luxury Vinyl Tiles (LVT) flooring plant at Umbergoan, Gujarat with an installed capacity of 100,375 Tonnes per annum with 11 production lines.

Financials (Standalone)*:

(Rs. Crore)		
For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	80.52	82.06
EBITDA	3.34	13.92
PAT	0.50	0.84
Total Debt	53.07	97.89
Tangible Net worth**	17.18	18.04
EBITDA Margin (%)	4.15	16.96



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For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
PAT Margin (%)	0.62	1.02
Overall Gearing Ratio (times)	3.09	5.43
ISCR	2.36	1.82
DSCR	1.19	0.87
Current ratio	0.78	0.59

**Classification as per Infomerics standards*

***Including quasi equity*

Status of non-cooperation with previous CRA: Nil.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Term Loan	Long Term	34.69	IVR BB-/Stable	—	—	—
2	Packing Credit	Short Term	49.50*	IVR A4	—	—	—
3	Letter of Credit	Short Term	2.00	IVR A4	—	—	—

**CC of Rs. 4.50 crore is sub-limit of PCFC Facility.*

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	–	–	–	34.69	Assigned
Short Term Bank Facilities – Letter of Credit	–	–	–	2.00	Assigned
Short Term Bank Facilities – PCFC*	–	–	–	49.50	Assigned

*CC of Rs. 4.50 crore is sub-limit of PCFC Facility.

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Samaro-Global-apr24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.