



Press Release

Sampann Utpadan India Limited (SUIL)
(Formerly Known as S.E.Power Limited)

January 23, 2024

Ratings

Details of Facilities are in Annexure 1

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicators
Long Term Bank Facilities	16.66 (Increased from 10.55)	IVR BB/ Stable (IVR Double B with Stable Outlook)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Affirmation	Simple
Short Term Bank Facilities	2.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Affirmation	Simple
Total	18.66 (Rupees Eighteen Crores and Sixty Six lacs only)				

Detailed Rationale

The affirmation of the ratings assigned to the bank facilities of Sampann Utpadan India Limited (SUIL) factors in extensive experience of promoters in the manufacturing industry, improved scale of operations in FY23 and 6MFY24, moderate capital structure and debt protection metrics of the company in FY23. The ratings, however, are constrained by susceptibility to volatility in raw material prices and exposure to intense competition in industry.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue and profit margins while maintaining the debt protection metrics

Downward Factors

- Any decline in scale of operations and/or moderation in profitability leading to decline in the debt protection metrics
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the firm
- Any withdrawal of unsecured loans leading to deterioration in overall capital structure of the company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters in the industry**

SUIL was incorporated in 2010, led by Mr. Sachin Agarwal (Managing Director); the promoters have cumulatively more than six decades of experience in the industry. Their extensive experience has enabled the company to establish strong relationships with various counterparties including suppliers and customers and get repeat orders. The promoters are actively involved in the company's operations.

- **Improved scale of operations in FY23 and 6MFY24**

SUIL's total operating income continue to increase in FY23. SUIL's total operating income increased by ~20% in FY23 to Rs.58.25 crore compared to Rs.48.68 crore in FY22. SUIL reported improvement in scale of operations with the increase in production capacity both in reclaim rubber and crumb rubber and corresponding capacity utilization in FY23. Company has reported sales of Rs.35.47 crore for 6MFY24 (Rs.28.21 crore in 6MFY23).



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- **Moderate capital structure and debt protection metrics of the company**

SUIL's capital structure remained comfortable in FY23. Company reported adj. overall gearing ratio and adj. TOL/TNW of 0.15x, 0.21x, respectively as on March 31, 2023. Further SUIL's DSCR stood comfortable at 0.99x (FY22: 0.38x). Company's interest coverage ratio stands at 3.65x in FY23. (FY22: 1.11x). Improvement in interest coverage ratio mainly due to reduction in finance cost of the company during FY23.

Key Rating Weaknesses

Susceptibility to volatility in raw material prices

Profitability of tyre and tube manufacturers remains susceptible to volatility in prices of natural and synthetic scrap rubber, which account for substantial portion of the production cost. The high volatility in natural rubber prices can be attributed to tight domestic demand-supply situation, volatility in natural rubber prices and the price of synthetic rubber, which is a substitute for natural rubber and is a crude oil derivative.

Exposure to intense competition in industry

The tyre manufacturing industry in India is dominated by a few large players. This exposes SUIL to intense competition. Being a supplier to some of major players of the industry, SUIL can grow with these players, but bargaining power in terms of pricing will be key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on default recognition](#)



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Liquidity – Adequate

The liquidity position of the company is expected to remain adequate as the company is expected to generate sufficient cash accruals to meet the repayment obligations during FY24. The average working capital utilisation for 12 months ending September 2023 has been 86.64%. Current ratio and quick ratio were 1.43 x and 1.04x respectively as on March 31, 2023. SUIL has cash and cash equivalents of Rs. 0.07 crore as on March 31st 2023.

About the Company

SUIL is a public limited company incorporated in the year 2010; they specialise in manufacturing of specialised rubber and power generation through windmills. The company is promoted by Mr. Sachin Agarwal and Mr. Arun Agarwal; they possess a combined 67 years of experience. They have their base of operations in Vadodara (Gujarat).

Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	48.68	58.25
EBITDA	3.70	3.56
PAT	(2.95)	(1.67)
Total Debt	83.81	10.07
Adj. Tangible Net Worth	(7.09)	69.68
Ratios		
EBITDA Margin (%)	7.60	6.12
PAT Margin (%)	(6.06)	(2.86)
Adj. Overall Gearing Ratio(x)	-11.82	0.14

**As per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 October 25, 2022	Date(s) & Rating(s) assigned in 2021-22 October 9, 2021	Date(s) & Rating(s) assigned in 2020-21 September 25, 2020
1.	Term Loans	Long Term	4.66	IVR BB/Stable	IVR BB/Stable	IVR BB-/Stable	IVR BB-/Stable
2.	Cash Credit	Long Term	12.00	IVR BB/Stable	IVR BB/Stable	IVR BB-/Stable	IVR BB-/Stable
3.	Bank Guarantee	Short Term	2.00	IVR A4	IVR A4	IVR A4	IVR A4

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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
Cash Credit	-	-	Revolving	12.00	IVR BB/Stable
Term Loans	-	-	June 2028	4.66	IVR BB/Stable
Bank Guarantee	-	-	-	2.00	IVR A4

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-SUIL-jan24.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.