

Satyam Petrochemicals

March 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	22.25	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	17.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	10.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Satyam Petrochemicals (SP) to monitor the ratings vide email communications dated March 06, 2025, March 04, 2025, March 03, 2025, February 28, 2025, and letter dated March 10, 2025, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI Guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, SP has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating on SP's bank facilities will now be denoted as **CARE BB-; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Satyam Petrochemicals remained constrained on account of declining scale of operations and profitability leading to moderate debt coverage indicators. The ratings further remain constrained on account of high customer concentration, susceptibility to volatility in raw material prices, Intense competition, stretched liquidity position along with partnership nature of constitution. The ratings, however, continue to derive strength from experienced partners with long established track record along with comfortable capital structure.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on July 04, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Declining scale of operations and profitability

The scale of operations marked by Total operating Income (TOI) declined in last three years ending FY24 (Unaudited; refers to the period April 1 to March 31), from Rs.238.59 crore in FY22 to Rs.152.71 crore in FY24. The profitability of the firm also deteriorated marked by PBILDT margins of 3.24% in FY22 to operating losses in FY24 on account of inability to pass on the increase in raw material price to customers. The firm reported net loss of Rs.5.32 crore in FY24 as against PAT of Rs.1.35 crore in FY23.

Weak debt coverage indicators

Debt coverage indicators remained weak marked by TDGCA and interest coverage ratio of negative 5.02x and 0.60x respectively in FY24 (P.Y. 1.42x and 4.87x) owing to loss at PBILDT level.

High Customer concentration risk

The customer profile of the company remained concentrated marked by top 5 customers contributing 91% in FY24 and 80% in FY23 of the total operating income.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Intense competition in the industry

Satyam Petrochemicals operates in an industry characterised by the presence of limited players in the organised sector and few unorganised players. Satyam Petrochemicals being a small player faces stiff competition from both organised and unorganised players as the organised players enjoy benefit of strategic location and higher economies of scale.

Susceptibility to volatility in raw material prices.

The main raw materials used by Satyam Petrochemicals are Acetic Acid, Special Denatured Spirit (SDS) and Acetone. Prices of these raw materials are linked to international demand due to which they are volatile in nature. Hence, the fortune of firm's business substantially is dependent on the stability of this raw material prices.

Partnership nature of constitution

The constitution as a partnership firm restricts SP's overall financial flexibility in terms of limited access to external funds for any future expansion plans. Further, there is inherent risk of possibility of withdrawal of capital in times of personal contingency as it has limited ability to raise capital and poor succession planning may result in dissolution of the firm in case of death/insolvency of partner.

Key strengths

Extensive experience of partners with long established track record

Satyam Petrochemicals has a track record of more than two decades. SP's operations are managed by Rajendra Ghute and Shrimala Ghute who are the first-generation entrepreneurs with experience spanning more than two decades in the petrochemical industry. Partners are involved in daily operations and are supported by a team of qualified and experienced professionals.

Comfortable capital structure

The capital structure of the company remained comfortable marked by overall gearing ratio of below unity for past three years ending FY24. Overall gearing remained at 0.27x as on March 31, 2024, as against 0.08x as on March 31, 2023. The deterioration is on account of higher utilization of working capital limits along with decline in net worth base due to net loss. Overall gearing is likely to deteriorate on account of full utilization of working capital limits.

Liquidity: Stretched

Liquidity position of the firm remained stretched marked by negative GCA of Rs.2.40 crore. Furthermore, the average utilisation of fund-based working capital limits remained at 90% during the last 12 months period ended May 2024. The firm has a cash and bank balance of Rs.1.42 crore as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Petrochemicals

Satyam Petrochemical was established in 2002 as a sole proprietorship and was converted into a partnership firm on February 10, 2007. The firm is engaged in manufacturing of petrochemicals like Ethyl Acetate and Dia Acetone Alcohol with an installed capacity of 135 MTPD. The firm is promoted by Mr. Rajendra Ghute and Mrs. Shrimala Ghute.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	199.23	152.71
PBILDT	3.19	-1.00
PAT	1.35	-5.32

Overall gearing (times)	0.08	0.27
Interest coverage (times)	4.87	-0.60

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	22.25	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Cash Credit		-	-	-	17.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (04-Jul-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Aug-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (27-Jul-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (01-Jun-21)
2	Fund-based - LT-Cash Credit	LT	22.25	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (04-Jul-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Aug-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (27-Jul-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (01-Jun-21)
3	Fund-based - LT/ ST-Cash Credit	LT/ST	17.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB-; Stable / CARE A4 (04-Jul-24)	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (04-Aug-23)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (27-Jul-22)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (01-Jun-21)
4	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (04-Jul-24)	-	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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