

Seya Industries Limited

October 15, 2019

Ratings

| Facilities | Amount (Rs. crore) | Rating1 | Rating Action |
|----------------------------|---|----------------------|--|
| Long term Bank Facilities | 509.95 | CARE D (Single D) | Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable) |
| Short-term Bank Facilities | 6.00 | CARE D (Single D) | Revised from CARE A3+ (A Three Plus) |
| Total | 515.95 (Rs. Five hundred and fifteen crore and ninety five lakhs only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Seya Industries Limited (SIL) takes into account the on-going delays in servicing of its debt obligations on the back of poor liquidity. Establishing a track record of timely servicing of debt obligations would be a key rating sensitivity.

Detailed description of the key rating drivers Key

Key rating weaknesses

Ongoing delays in debt servicing

The debt servicing of SIL is irregular in recent past as indicated by overutilization of its working capital limits for over 30 days and delays in payment of debt servicing obligations towards its term loans.

Liquidity – Poor

Significantly high working capital utilization indicating poor liquidity position for SIL.

Analytical approach: Standalone

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

About the company

Incorporated in 1990 as Sriman Organic Chemical Industries Private Limited, Seya Industries Limited (SIL) is engaged in manufacturing of benzene based organic chemicals, viz., mono chloro benzene (MCB), para nitro chloro benzene (PNCB), ortho nitro chloro benzene (ONCB), 3,3 di chlorobenzidine (3,3 DCB), 2,4 di nitro chloro benzene (2,4 DNCB) and para nitro aniline (PNA) and by-products like sulphuric and hydrochloric acid which find application in pharmaceutical, dyes, agrochemical, fertilizer and rubber industries. The manufacturing facility is located at Tarapur, Boisar (Maharashtra).

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) | Q1FY20 (PUB) |
|------------------------------|----------|----------|--------------|
| Total operating income | 347.41 | 414.22 | 99.29 |
| PBILDT | 106.46 | 139.70 | 37.86 |
| PAT | 52.40 | 88.49 | 23.35 |
| Overall gearing (times) | 0.70 | 0.72 | N.A |
| Interest coverage (times) | 5.96 | 7.68 | 9.36 |

A: Audited; PUB: Published results on stock exchanges; N.A: Not Available

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--------------------------------------|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | - | March 2027 | 438.85 | CARE D |
| Fund-based - LT-Cash Credit | - | - | - | - | 71.10 | CARE D |
| Non-fund-based - ST-Letter of credit | - | - | - | - | 6.00 | CARE D |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|--------|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 | Date(s) & Rating(s) assigned in 2014-2015 |
| 1. | Fund-based - LT-Term Loan | LT | 438.85 | CARE D | 1)CARE BBB+; Stable (05-Apr-19) | 1)CARE A-; Stable (07-Apr-18) | 1)CARE A-; Negative (27-Apr-17) | - |
| 2. | Fund-based - LT-Cash Credit | LT | 71.10 | CARE D | 1)CARE BBB+; Stable (05-Apr-19) | 1)CARE A-; Stable (07-Apr-18) | 1)CARE A-; Negative (27-Apr-17) | - |
| 3. | Non-fund-based - ST-Letter of credit | ST | 6.00 | CARE D | 1)CARE A3+ (05-Apr-19) | 1)CARE A2 (07-Apr-18) | 1)CARE A2 (27-Apr-17) | - |

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Available

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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