



**Press Release**  
**Pradip Polyfils Private Limited**  
**February 12, 2024**

**Rating Assigned, Upgraded and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	33.45	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	3.00	ACUITE BBB-   Stable   Upgraded	-
Bank Loan Ratings	4.07	Not Applicable   Withdrawn	-
Bank Loan Ratings	1.48	-	Not Applicable   Withdrawn
<b>Total Outstanding Quantum (Rs. Cr)</b>	36.45	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	5.55	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs.3.00 Crore bank facilities of Pradip Polyfils Private Limited . The outlook is '**stable**'

Acuite has assigned the long- term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.33.45 Crore bank facilities of Pradip Polyfils Private Limited . The outlook is '**stable**'

Acuite has withdrawn it long term facility on the Rs.4.07 Crore bank facilities of Pradip Polyfils Private Limited .

Acuite has withdrawn it short term facility on the Rs.1.48 Crore bank facilities of Pradip Polyfils Private Limited .

The rating has been withdrawn on Acuite's policy of withdrawal of ratings as applicable to the respective facility/instrument. The rating has been withdrawn on account of the request received from the company, and the NDC (No Due Certificate) received from the banker.

**Rationale for Rating Upgrade and Assigned**

The rating takes into cognizance the sound business risk profile of the company majorly driven by improvement in the company's revenue increased to Rs 103.64 Cr in FY2023 as against Rs 88.70 Cr in FY2022, thereby registering an year-on-year (y-o-y) growth of 14.41%. Further, the company has achieved revenues of around Rs.77.72 Cr till eight months ended November 2023 in FY2024. The increase in revenue in FY2023 is because the company could command better pricing for the finished goods as well as augment its added capacity in existing facility. The operating margin of the company increased to 35.59 per cent in FY2023 from 34.11 per cent in FY2022. The increase in operating margin in FY2023 was because the Company manufactured more customised products which command better profitability. The PAT margin also increased to 24.58% in FY2023 as compared to 22.21% in FY2022. The ROCE levels

stood comfortable at 39.96% in FY2023 as against 36.49% in FY2022.

The rating also factors in the above average financial risk profile marked by improved net

worth, healthy gearing and strong debt protection metrics. The company has adequate liquidity marked by healthy net cash accruals of Rs 29.48 Cr. as on FY2023 as against long term debt of Rs. 0.42Cr over the same period.

The rating also draws comfort from the established track record of operations and experienced management..

However, these strengths are partially offset by its Intensive working capital requirement.

### **About the Company**

Incorporated in 1987 Pradip Polyfils Private Limited (PPPL) is a Gujarat-based company promoted by Mr. Vijay Kansara. The company is engaged in the manufacture of polypropylene filter plates used in filter press machines and derives its revenue from domestic as well as exports markets It supplies to USA, Japan, and European countries. PPPL manufactures Recessed Chamber Filter Plate, Detachable Rubber Membrane Plate, Caulked & Gasket (CGR) Plates, Plate & Frame type Filter Plates in various configuration and specification as well as customized solutions in size range of 250mm<sup>2</sup> to 2000mm<sup>2</sup>. PPPL has been awarded as highest exporter of Engineering Plastic by the Plastic Export Promotion Council of India for last 3 consecutive years.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of PPPL to arrive at the rating.

### **Key Rating Drivers**

#### **Strengths**

##### **Established track record of operations and experienced management**

Established in 1987 Pradip Polyfils Private Limited is backed by the Director of PPPL Mr. Vijay Ratilal Kansara having more than two decades of experience in polypropylene filter plates manufacturing. It has also established operational track record of more than two decades. Due to the same, the Company has been able to maintain healthy relationship with its customers with whom it receives repeat orders and also with their suppliers which provides ease in availability of raw materials. Under the guidance of the management, the company has expanded its facilities by acquiring land to establish a new unit in Navsari, Gujarat (8 kms from existing unit), which is expected to commence operations in FY2025. The total project cost amounted to Rs. 50.00 Cr (spread across FY 24 & FY25 and is being funded in through internal accruals and term loans of Rs. 38.25 Cr.

##### **Steady scale of operations**

The company's revenue increased to Rs 103.64 Cr in FY2023 as against Rs 88.70 Cr in FY2022, thereby registering an y-o-y growth of 14.41%. Further, the company has achieved revenues of around Rs.77.72 Cr till eight months ended November 2023 in FY2024. The increase in revenue in FY2023 is because the company could command better pricing for the finished goods as well as augment its added capacity in existing facility. As on November 2023, the Company has an order book of Rs. 30 Cr to be executed in next 3 months and keeps getting regular orders. Also, the new facility at Navsari is expected to start operations from FY25 onwards and would improve the scale of operations of the Company over the medium term.

##### **Above average financial risk profile**

The financial risk profile of the company is marked by improved net worth, healthy gearing and robust debt protection metrics. The tangible net worth of the company stood at Rs.89.04 Cr as on FY2023 as compared to Rs.70.25 as on FY2022 due to accretion to reserves. The gearing of the company stood healthy at 0.09 times as on FY2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.56 times as on FY2023. The debt protection metrics of the company remain robust marked by Interest coverage ratio (ICR) of 45.78 times and debt service coverage ratio (DSCR) of 21.13 times for FY2023. The net cash

accruals to total debt (NCA/TD) stood healthy at 3.58 times in FY2023. Further, the company also proposed and paid out annual and interim dividend to their shareholders in last 3 years of almost Rs. 5 Cr.

Going forward, Acuité believes that going forward the financial risk profile will remain above average over the medium term, supported by healthy internal accrual generation, comfortable capital structure and debt protection metrics.

## **Weaknesses**

### **Intensive working capital management**

The working capital requirement of the company is marked by Gross Current Assets (GCA) of 230 days for FY2023 as compared to 203 days for FY2022. The GCA days are high mainly on account of high receivables days and inventory days. The debtor period stood at 112 days as on FY2023 as compared to 93 days as on FY2022. Further, the inventory days of the company stood at 102 days in FY2023 as compared to 91 days in FY2022. Further, the GCA days of the company has also emanates from the high other current asset, which mainly consists of interest accrued on deposits and other Interest receivables. Creditors stood at 119 days as on FY2023. Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

## **Rating Sensitivities**

- Weakening of its profitability
- Deterioration in financial risk profile
- Elongation of its working capital cycle

## **Liquidity Position**

### **Adequate**

The company has adequate liquidity marked by net cash accruals of Rs 29.48 Cr. as on FY2023 as against long term debt of Rs. 0.42Cr. over the same period. The cash and bank balance stood at Rs. 7.72 Cr for FY 2023. Further, the current ratio of the company stood comfortable at 2.41 times in FY2023. The Company also has cash equivalents of Rs. 30.64 Cr in the form of investments in mutual funds and fixed deposits as on March 31, 2023. The Company also enjoys financial flexibility in the form of unsecured loans from related parties and it was at Rs. 4.90 Cr as on March 31, 2023. However, the working capital cycle of the company is marked by high Gross Current Assets (GCA) of 230 days for FY2023 as compared to 203 days for FY2022. The bank limit of the company has been ~29.00 percent utilized for the last six months ended in December 2023. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals, small term debt repayments and financial flexibility of promoters to bring in funds in business over the medium term.

## **Outlook: Stable**

Acuité believes that the outlook on PPPL will remain 'Stable' over the medium term on account of the long track record of operations, experienced management and improvement in the operating income while improving operating profitability. The outlook may be revised to 'Positive' in case of significant growth in revenue or profit margins from the current levels or improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a decline in revenue or profitability margins, deterioration in financial risk profile or further elongation in its working capital cycle.

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	103.64	88.70
PAT	Rs. Cr.	25.47	19.70
PAT Margin	(%)	24.58	22.21
Total Debt/Tangible Net Worth	Times	0.09	0.19
PBDIT/Interest	Times	45.78	23.79

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Sep 2023	Cash Credit	Long Term	3.00	ACUITE BB- ( Issuer not co-operating*)
	Letter of Credit	Short Term	1.40	ACUITE A4+ ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.08	ACUITE A4+ ( Issuer not co-operating*)
	Term Loan	Long Term	1.42	ACUITE BB- ( Issuer not co-operating*)
	Term Loan	Long Term	2.65	ACUITE BB- ( Issuer not co-operating*)
29 Jun 2022	Term Loan	Long Term	2.65	ACUITE BB- ( Issuer not co-operating*)
	Cash Credit	Long Term	3.00	ACUITE BB- ( Issuer not co-operating*)
	Term Loan	Long Term	1.42	ACUITE BB- ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.08	ACUITE A4+ ( Issuer not co-operating*)
	Letter of Credit	Short Term	1.40	ACUITE A4+ ( Issuer not co-operating*)
31 Mar 2021	Term Loan	Long Term	1.42	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	2.65	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	1.40	ACUITE A4+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	0.08	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	3.00	ACUITE BB- (Downgraded and Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.08	Not Applicable   Withdrawn
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE BBB-   Stable   Upgraded
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.40	Not Applicable   Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.45	ACUITE BBB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Jan 2028	Simple	1.42	Not Applicable   Withdrawn
Canara Bank	Not avl. / Not appl.	Term Loan	13 Jul 2023	Not avl. / Not appl.	20 Jan 2024	Simple	2.65	Not Applicable   Withdrawn
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 May 2031	Simple	11.07	ACUITE BBB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 May 2031	Simple	16.93	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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