

Press Release

THERMOSET POLY PRODUCTS INDIA PRIVATE LIMITED

March 13, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 5.00 crore bank facilities of THERMOSET POLY PRODUCTS INDIA PRIVATE LIMITED (TPPPL). The outlook is '**Stable**'.

Thermoset Poly Products (I) Pvt Ltd. (TPPPL), established in 1993, is promoted by Mr. Jitendra Amrutlal Shah, Mr. Atul Shah, and Mr. Miten Shah among others. The company is engaged in manufacturing of fibre-reinforced plastic (FRP)/ glass-reinforced plastic (GRP) manhole covers, STP tank covers and overhead tank covers under the brand name of "Thermodrain". The company has a manufacturing facility at Panvel, Raigarh.

Key Rating Drivers

Strengths

• Experienced Management

Mr. Jitendra Amrutlal Shah possesses more than four decades of experience in manufacturing chemical equipment. The company was erstwhile engaged in the design and manufacture of chemical equipment like large capacity storage tanks, reaction vessels and pollution control equipment. However, for the last seven years, the company has shifted its focus on fibre-reinforced plastic (FRP)/ glass-reinforced plastic (GRP) manhole covers under the brand name of 'Thermodrain'. Thermodrain finds its application as solid top and recess manhole covers, STP tank covers and water gully covers among others and is used in sewerage, electrical and telecom chambers.

Weaknesses

• Weak Financial profile and thin profitability margins

The financial risk profile is weak by marked by low net worth of Rs.2.55 crore as on 31 March, 2017 compared to Rs 2.52 crore as on 31 March, 2016 and high gearing of 2.26 times for FY2017 compared to 2.21 times for FY2016. The total debt stands at Rs 5.76 crore as on March 2017. The same comprises of short term borrowing of Rs 5.00 crore and term loan of Rs 0.76 crore. The term loan of RS 0.76 crore was past 132 days due as on March 31, 2017 and was repaid in August, 2017. The operations exhibit thin profitability with a net profit of Rs 0.03 crore in FY 2017 on reduced operating income of Rs 16.53 crore as against Rs 0.35 crore in FY2016 on an operating income of 17.13 crore.

• Working capital intensive operations

TPPPL has working capital intensive operations reflected in the high gross current asset (GCA) days of 308 in FY2017 compared to 235 days in FY2016. The creditors were also high at 323 days in FY2017 which increased from 262 days in FY2016.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of Thermoset Poly Products (I) Pvt Ltd.

Outlook: Stable

SMERA believes that outlook for Thermoset Poly Products (I) Pvt Ltd will remain stable over medium term on the account of management's experience in the business. The outlook may be revised to Positive if the company achieves higher than expected revenue while improving its working capital management. Conversely, the outlook may be revised to Negative in case of significant deterioration in the financial risk profile

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	16.53	17.13	17.63
EBITDA	Rs. Cr.	1.32	1.69	1.37
PAT	Rs. Cr.	0.03	0.35	0.17
EBITDA Margin	(%)	8.01	9.84	7.77
PAT Margin	(%)	0.17	2.06	0.96
ROCE	(%)	16.47	17.53	24.71
Total Debt/Tangible Net Worth	Times	2.26	2.02	5.10
PBDIT/Interest	Times	1.26	1.72	1.64
Total Debt/PBDIT	Times	3.66	3.01	5.15
Gross Current Assets (Days)	Days	308	235	200

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

The rating action as published by ICRA on its website on November 15,201 is reproduced below.

"ICRA has moved the rating of Thermoset Poly Products (I) Private Limited to the 'ISSUER NOT COOPERATING' category due to non-submission of monthly 'No Default Statement' ('NDS') by the entity. ICRA has been consistently following up with Thermoset Poly Products (I) Private Limited for obtaining the monthly 'No Default Statement' and had also placed the ratings under review due to non-submission of NDS in the month of October, 2017. However the entity's management has remained non-cooperative. ICRA is unable to validate whether Thermoset Poly Products (I) Private Limited has been able to meet its debt servicing obligations in a timely manner. Accordingly the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating."

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook

Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B- / Stable
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ABOUT SMERA

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