

Press Release

Thermoset Poly Products India Private Limited

May 20, 2019



Rating Downgraded

Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B-)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded long-term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE B-**' (**read as ACUITE B minus**) to the Rs. 5.00 crore bank facilities of Thermoset Polyproducts India Private Limited (TPPL).

The rating downgrade reflects continuous over-utilisation of working capital limits during the period January–March 2019. The rating also reflects significant stretch in creditors resulting from elongated working capital cycle.

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

Analytical Approach:

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

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Jitendra Amrutlal Shah possess more than four decade of experience in manufacturing plastic based products. The company manufactures FRP/GRP manhole covers with the brand name of "Thermodrain". Thermodrain finds its application as solid top and recess manhole covers, STP tank covers, water gully covers, water tank covers, gratings and septic tanks for the sewerage, electrical and telecom chambers.

Weaknesses

- **Continuous overdrafts**

There has been continuous overdrafts in cash credit limit during January- March, 2019. The overdrafts have been regularized in April 2019

- **Susceptibility to changes in regulations and customer preferences**

TPPL has working capital intensive operations reflected in the GCA days of 243 in FY2018 compared to 308 days in FY2017. This is majorly on account of high inventory holding period of 142 days in FY2018 and 149 days in FY2017. The inventory consists primarily of work in progress and the same has to be maintained to meet the requirement of client. Furthermore, the company is stretching its creditors with creditor's days of over 300 days over the past two years.

Liquidity Profile:

TPPL's has stretched liquidity position marked by continuous overutilization of cash credit limit in the during the last 6-month period ended March, 2019. The current ratio of the company stands low at

0.77 times as on March 31, 2018.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	18.82	16.53	17.13
EBITDA	Rs. Cr.	1.55	1.32	1.69
PAT	Rs. Cr.	0.27	0.03	0.35
EBITDA Margin	(%)	8.23	8.01	9.84
PAT Margin	(%)	1.42	0.17	2.06
ROCE	(%)	15.15	16.47	17.53
Total Debt/Tangible Net Worth	Times	1.96	2.26	2.02
PBDIT/Interest	Times	1.60	1.26	1.72
Total Debt/PBDIT	Times	1.60	1.26	1.72
Gross Current Assets (Days)	Days	243	308	235

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
13 March, 2018	Cash Credit	Long Term	5.00	ACUITE B-/ Stable (Assigned)

*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	ACUITE D (Downgraded)

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About Acuité Ratings & Research:

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