

Press Release

Starwing Plastic And Chemicals Private Limited

July 08, 2019



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE B- (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) and the short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 15.00 crore bank facilities of Starwing Plastic And Chemicals Private Limited (SPCL).

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance of Acuité's policy of withdrawal.

Incorporated in 2013, SPCL is engaged in trading of Plastic (granules, powder and other raw material for plastic industries), Industrial chemicals (Titanium Dioxide, Tafmer- DF 610; 640; 740; among others) and Fabrics. It is a 100% subsidiary of Starwing Developers Private Limited.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management**

Incorporated in 2013, the company is promoted and managed by Mr. Rajeev Dube, who possesses more than three decades of experience.

- **Average financial risk profile**

SPCL has average financial risk profile marked by net worth of Rs. 2.68 crore as on 31 March, 2019 (Provisional) as compared to Rs. 2.64 crore as on 31 March, 2018. The debt to equity ratio of the company stood at 2.31 times as on 31 March, 2019 (Provisional) as compared to 2.03 times as on 31 March, 2018. The interest coverage ratio of the company stood at 1.15 times for FY2019 (Provisional) as compared to 0.65 times for FY2018.

Weaknesses

- **Average profitability**

The EBITDA margin of the company stood low at 1.36 per cent in FY2019 (Provisional) as compared to 0.45 per cent in FY2018 due to trading nature of the business.

- **Competitive and fragmented industry**

The company is engaged in the trading of Plastic granules & other materials, industrial chemicals and fabric. This industry is marked by presence of several mid to big size players. Moreover, a larger segment of the industry is dominated by the unorganised players. This exposes the company to competitive pressure, which is evident from SPCL's thin profitability.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	39.41	46.90	58.07
EBITDA	Rs. Cr.	0.54	0.21	0.25
PAT	Rs. Cr.	0.04	-0.24	-0.03
EBITDA Margin	(%)	1.36	0.45	0.44
PAT Margin	(%)	0.10	-0.50	-0.05
ROCE	(%)	6.47	6.08	9.81
Total Debt/Tangible Net Worth	Times	2.31	2.03	2.96
PBDIT/Interest	Times	1.15	0.65	0.98
Total Debt/PBDIT	Times	11.60	9.12	8.83
Gross Current Assets (Days)	Days	107	96	77

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

Not applicable.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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
16-Apr-2018	Cash Credit	Long Term	4.00	ACUITE B- / Stable (Assigned)
	Bank Guarantee	Short Term	11.00	ACUITE A4 (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	4.00	ACUITE B- (Withdrawn)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	11.00	ACUITE A4 (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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