

## Press Release

### Supershine ABS Platers Private Limited

November 26, 2020



### Rating Reaffirmed

|                                     |   |
|-------------------------------------|---|
| <b>Total Bank Facilities Rated*</b> | Rs.13.85 Cr.                                |
| <b>Long Term Rating</b>             | ACUITE BB-/ Outlook: Stable<br>(Reaffirmed) |

\* Refer Annexure for details

### Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) on the Rs.13.85 crore bank facilities of Supershine ABS Platers Private Limited (SAPPL). The outlook is '**Stable**'.

Mumbai based, Supershine ABS Platers Private Limited (SAPPL) was incorporated in 2004 by Mr. Suresh M. Shah. The company is engaged in surface finishing on various ABS (Acrylonitrile Butadiene Styrene) plastics and metals including electroplating of various pen parts, automobile parts and household articles. Further, the company has recently started manufacturing of metal parts and electroplating on them. SAPPL has been providing decorative metal finishing and electroplating services to a variety of products in a number of industries.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SAPPL to arrive at this rating.

### Key Rating Drivers

#### Strengths

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

SAPPL was incorporated in 2004. The company has an operational track record of more than a decade in the electroplating industry. The directors have an experience of over two decades in the aforementioned line of business. The long track record of operations and experience of management have helped the company to maintain healthy relationships with its customers and suppliers. The company caters to customers such as Polyplastics Industries (India) Private Limited, Linc Pen and Plastics Limited, HUF India Private Limited, to name a few.

Acuité believes that SAPPL will sustain its existing business profile on the back of an established track record of operations and experienced management.

- **Reputed clientele**

The company caters to reputed clientele such as Polyplastics Industries (India) Private Limited (PIPL), BIC-Cello Exports Private Limited (BCEPL), Linc Pen & Plastics Limited. (LPPL), G.M. Pens International Private Limited (GMPI) and HUF India Private Limited (HUF) among others. However, ~50 per cent of revenue in FY2020 (Provisional) was generated from single customer (i.e. PIPL).

#### Weaknesses

- **Average financial risk profile**

The company has average financial risk profile marked by modest net worth, moderate gearing and average debt protection metrics. The net worth stood at Rs.11.06 crore (Provisional) as on 31 March, 2020 as against Rs.10.07 crore on 31 March, 2019 due to healthy accretion to reserves. The company has followed a moderately aggressive financial policy in the past; the same is reflected through its gearing levels of 2.10 times as on March 31, 2019. The gearing remained stable at 2.10 times (Provisional) as on March 31, 2020. Total outside liabilities to tangible net worth (TOL/TNW) stood at 2.78 times) as on 31 March 2020 (Provisional) as against 2.26 times as on 31

March 2019.

The company, on the other hand, generated cash accruals of Rs.2.34 crore (Provisional) in FY2020 as against Rs.0.77 crore in FY2019. The NCA/TD and interest coverage ratio for FY2020 were moderate at 0.10 times (Provisional) and 2.06 times (Provisional), respectively.

Acuité believes that the financial risk profile of the company is likely to remain average over the medium term, on account of moderate gearing and average debt protection metrics.

#### • **Intensive working capital management**

The company's working capital management is intensive marked by its gross current asset (GCA) of around 264 days in FY2020 (Provisional) as against 125 days in FY2019. The company has maintained an inventory holding period of 136 days as on 31 March, 2020 as against 24 days as on 31 March, 2019. The debtor days remained around 144 in FY2020 as against 45 days in FY2019.

Acuité expects the working capital management of the company to remain intensive over the medium term on account of its inventory holding and debtor collection period.

#### **Liquidity Position: Adequate**

SAPPL has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.2.34 crore (Provisional) for FY2020, with debt repayment obligations of Rs.1.83 crore the same period. The cash accruals of the company are estimated to remain in the range of around Rs.3.17-Rs.7.07 crore during FY2021-23 against debt repayment obligations of ~Rs.1.83 crore every year in the same period. The firm's working capital operations are intensive, marked by GCA of 264 days (Provisional) for FY2020. The average bank limit utilization over the past six months ended September 2020 remained at around ~75.42 percent. The current ratio stood at 0.95 times (Provisional) as on 31 March, 2020. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of adequate cash accruals against its debt repayments over the medium term.

#### **Rating Sensitivities**

- Scaling up of operations
- Stretch in working capital cycle leading to increased reliance on working capital borrowings

#### **Material Covenants**

None

#### **Outlook: Stable**

Acuité believes that SAPPL will maintain a 'Stable' outlook on account of experienced management. The outlook may be revised to 'Positive' in case of a significant improvement in working capital operations while maintaining revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of a significant decline in the scale of operations or elongation in the working capital cycle.

#### **About the Rated Entity - Key Financials**

|                               | Unit    | FY20 (Provisional) | FY19 (Actual) |
|-------------------------------|---------|--------------------|---------------|
| Operating Income              | Rs. Cr. | 18.38              | 15.21         |
| PAT                           | Rs. Cr. | 0.99               | 0.65          |
| PAT Margin                    | (%)     | 5.37               | 4.25          |
| Total Debt/Tangible Net Worth | Times   | 2.10               | 2.10          |
| PBDIT/Interest                | Times   | 2.06               | 2.23          |

#### **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-52.htm>
- Manufacturing Sector Entities- <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments-<https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History (Upto last three years)

| Date        | Name of Instrument / Facilities | Term      | Amount (Rs. Cr.) | Ratings/Outlook              |
|-------------|---------------------------------|-----------|------------------|------------------------------|
| 03-Sep-2019 | Cash Credit                     | Long Term | 2.00             | ACUITE BB-/Stable (Assigned) |
|             | Term Loan                       | Long Term | 11.85            | ACUITE BB-/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 | 2.00                        | ACUITE BB-/ Stable (Reaffirmed) |
| Term Loan              | Not Available    | Not Applicable | Not Available  | 10.64                       | ACUITE BB-/ Stable (Reaffirmed) |
| Proposed Facilities    | Not Applicable   | Not Applicable | Not Applicable | 1.21                        | ACUITE BB-/ Stable (Reaffirmed) |

## Contacts

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|--|--|
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## About Acuité Ratings & Research:

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