



**Press Release**  
**SHUBHADA POLYMERS PRODUCTS PRIVATE LIMITED**  
**May 31, 2023**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BBB   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	4.00	-	-

**Rating Rationale**

Acuite has assigned its long term rating of '**ACUITE BBB**' (read as **ACUITE t riple B**) to the Rs 4.00 Cr proposed bank facilities of Shubhada Polymers Products Private Limited (SPPPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating assigned takes into account the increasing scale of operations of the company and the extensive experience of the management in the electric insulation and FRP industries. The revenue of the company has increased to Rs 454.30 crore in FY 2023 (prov) as against Rs 348.59 crore in FY 2022 and Rs 243.29 crore in FY 2021. Further, the rating factors in a healthy financial risk profile of the company with no dependence on bank borrowings and increasing net worth due to the accretion of profit. The rating also factors in the liquid investments held by the company of Rs 16.14 crore in mutual funds. However, the above-mentioned strengths are partially offset by moderate working capital operations and the highly competitive nature of the miscellaneous electrical machinery industry.

**About the Company**

Incorporated In the year 1994, Shubhada Polymers Products Private Limited is engaged in the manufacturing of fittings and fixtures (FRP insulation products) of electrical components. The directors of the company are Ms. Malti Pramod Jhaveri, Mr. Devang Pramod Jhaveri, and Ms. Falguni Devang Jhaveri. The company has its registered office in Maharashtra. SPPPL has its production plants at 4 locations in Maharashtra; 2 in Lonavala, 1 in Ambad, and 1 in Navi Mumbai; where the consolidated installed capacity is 190.5 lakh no. and 15,000 MT for SMC DMC.

The company has been engaged in the design, manufacturing, and supply of a complete range of epoxy-moulded components, thermoset (SMC/DMC), thermoset (compression/injection) components, thermoplastic components, auxiliary switches, earthing switches, current transformers, and potential transformers required for the switch gear industry for over five decades.

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Shubhada Polymers Products Private Limited(SPPPL) to arrive at the rating.

**Key Rating Drivers**

**Strengths**

## **Experienced management and an established track record of operations**

The company was founded in 1972 under the name Glass Fab Products Pvt. Ltd. and later changed its name to Shubhada Polymers Products Pvt. Ltd. in 1994. The company has been manufacturing epoxy-moulded components for more than five decades. The Jhaveris are key promoters and directors, namely Mr. Devang Pramod Jhaveri, Mrs. Malti Pramod Jhaveri, and Mrs. Falguni Devang Jhaveri, bringing in their extensive experience in the electrical insulation industry.

SPPPL exports to 27 countries, mainly the USA, Australia, the Middle East, Asia, and Europe, and generates around 40% of its revenue through exports. SPPPL procures 55% of its raw material requirements from India and imports the remaining requirements. SPPPL has maintained a longstanding relationship of more than 20 years with reputed clients, namely Siemens Ltd., Schneider Electric, and ABB India Ltd., to name a few.

Acuite believes that SPPPL will continue to benefit from its established track record of operations and longstanding relationship with reputed clientele over the near to medium term.

## **Healthy financial risk profile**

SPPPL has a healthy financial risk profile marked by healthy net worth, low gearing, and strong debt protection metrics. The tangible net worth of the company stood at Rs. 135.75 crore as of March 31, 2022, as against Rs. 114.83 crore as of March 31, 2021. The increase in net worth is primarily due to the accretion of profits to the reserves. The company follows a conservative leverage policy, as reflected by its gearing level of 0.01 times over the last 3 years. The total outstanding debt of Rs. 1.33 crore as of March 31, 2022, consists of USL from promoters of Rs. 1.17 crore and long-term debt of Rs. 0.15 crore. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 1.06 times as of March 31, 2022, as against 1.14 times as of March 31, 2021. The coverage ratios of the company remained strong, with an interest coverage ratio (ICR) of 18.25 times for FY22 against 21.97 times for FY21. Also, the debt service coverage ratio (DSCR) stood at 15.14 times for FY22 as against 18.32 times for FY21. Further, Net Cash Accruals to Total Debt (NCA/TD) saw a marginal improvement at 23.54 times for FY22 as against 23.19 times for FY21.

Acuite believes that the financial risk profile of the company may continue to remain healthy, with no plans to increase debt going forward.

## **Increasing scale of operations**

SPPPL generated a revenue of Rs. 348.59 crore in FY22 as against Rs. 243.29 crore in FY21, registering a growth of 43.28% Y-o-Y. The revenue primarily increased due to the increasing demand for insulators due to rapid infrastructure growth and the rising requirement for electricity. Despite rising revenue, the operating margin of the company declined marginally to 8.46% in FY22 as against 10.93% in FY21, primarily due to the increasing cost of polymers and FRP (fibre-reinforced plastic). The PAT margin of SPPPL stood at 6.00% in FY22 as against 6.91% in FY21. The demand is seen increasing for FY23, and the same is reflected in the year-to-date information as the company generated revenue of Rs. 454.3 crores for FY23 (prov) and an operating profit margin of 10.97% for FY23 (prov).

Acuite believes that increasing the scale of operations while maintaining profitability margins is a key rating sensitivity.

## **Weaknesses**

### **Moderate working capital operations**

The working capital operations of the company are moderately marked by a reduced yet high GCA of 153 days in FY22 as against 175 days in FY21. The GCA days are mainly driven by debtor days, which stood at 87 days in FY 2022 as against 111 days in FY 2021. The inventory days are range-bound inventory days of 62 days in FY22 as against 63 days in FY21. The creditor days improved, yet remained high at 161 days in FY22 as against 230 days in FY21. The company has not availed of any long-term or short-term bank facility to enhance its working capital cycle; SPPPL has unsecured loans from its promoters.

Acuite believes that the working capital operations of the company may continue to remain moderate, considering the nature of business.

## Competitive industry and fragmented nature of operations

The level of competition is fairly high in the miscellaneous electrical machinery equipment sector, where several players are engaged in the manufacturing of epoxy products in the organised and unorganised sectors. Hence, the company might face pricing pressure from other competitors. Also, the industry is vulnerable to the prices of commodities such as copper, which show high volatility, and hence the margins are susceptible to volatility in raw material prices.

## Rating Sensitivities

- Sustenance in turnover growth while maintaining profitability margins
- Any deterioration in the working capital cycle leading to deterioration in financial risk profile and liquidity position.

## Material covenants

None

## Liquidity Position

### Strong

SPPPL has a strong liquidity position, marked by net cash accruals of Rs. 31.21 crore as against no debt obligations for FY22. The cash accruals of the firm are estimated to increase to Rs. 35–40 crore during the 2023–25 period, while maturing debt obligations are negligible during the same period. Furthermore, the company maintained cash and bank balances of Rs. 5.06 crore as of March 31, 2022, and the current ratio also stood at 1.18 times as of March 31, 2022. SPPPL maintains a strong liquidity position in its operations with negligible debt obligations and no bank borrowings; apart from that, SPPPL's current investments for FY23 (provisional) are maintained at Rs. 16.14 crore in mutual funds.

Acuite believes that the company will maintain its strong liquidity position over the medium term with moderate cash accruals and no dependence on bank borrowings.

## Outlook: Stable

Acuite believes that Shubhada Polymers Products Pvt. Ltd. will maintain a 'Stable' outlook in the near to medium term on account of its extensive management experience, established track record of operations, healthy financial risk profile, and growing scale of operations. The outlook may be revised to 'Positive' if the company registers higher-than expected growth in revenues, profitability margins, and net cash accruals while maintaining or improving its debt protection metrics and financial risk profile. The outlook may be revised to 'Negative' in case the company registers a substantial decline in revenues or profitability margins or if the financial risk profile deteriorates due to higher than expected working capital requirements resulting in a deterioration of the capital structure.

## Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	348.59	243.29
PAT	Rs. Cr.	20.92	16.82
PAT Margin	(%)	6.00	6.91
Total Debt/Tangible Net Worth	Times	0.01	0.01
PBDIT/Interest	Times	18.25	21.97

## 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>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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 :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE BBB   Stable   Assigned

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## About Acuite Ratings & Research

Acuite 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. Acuite 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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