



**Press Release**  
**Stork Rubber Products Private Limited**  
**April 01, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.75	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	14.45	-	ACUITE A3   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	30.20	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 30.20 crore bank facilities of Stork Rubber Products Private Limited (SRPPL). The outlook is '**Stable**'.

**Rationale for rating reaffirmation**

The rating reaffirmation reflects growth in operations for FY2023, reputed clientele, moderate financial risk profile and adequate liquidity position. On the contrary, the net profitability of the company has seen a dip due to higher interest and depreciation cost on account of CAPEX done in FY22 & FY23 further the working capital operations of the company are moderately intensive in nature and constrains the rating.

**About Company**

SRPPL was incorporated in 1994. The current directors of the company are Mrs. Mandeep Rangar, Mr. Jagdeep Singh Rangar. The company is engaged in the manufacturing of rubber components, metal bonded components, control cables, etc. for automobile manufacturers. The company has facilities located in Gurgaon, Chennai and Sitarganj.

**About the Group**

Stork Group includes Stork Rubber Products Private Limited (SRPPL) and Stork Auto Engineering Private Limited (SAPL). SAPL was incorporated in 2001 and is a Gurgaon-based company engaged in the manufacturing of automobile cables. SRPPL holds 60 per cent share in SAPL.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

**Extent of Consolidation**

• Full Consolidation

**Rationale for Consolidation or Parent / Group / Govt. Support**

To arrive at this rating, Acuite has consolidated the business and financial risk profiles of Stork Rubber Products Private Limited (SRPPL) and Stork Auto Engineering Private Limited (SAPL) together referred to as Stork Group. The consolidation is in view of similarity in the line of business, common management, and operational synergies among the entities.



## **Strengths**

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

SRPPL was incorporated in 1994. The directors of the company are Mr. Jagdeep Singh Rangar, Mrs. Mandeep Rangar and Mr. Rajvinder Singh Rangar, who have amassed about three decades of experience in the aforementioned line of business. The established track record of operations and experience of management has helped the group to develop healthy relationships with customers and suppliers. Acuité believes that SG will continue to benefit through the experienced management and established track record of operations. The group also caters to reputed clientele like Federal Mogul Corporation, Partquip Group and SBS Deutschland GmbH among others.

### **Revenue and profitability**

Stork Group's revenue remained flat and stood at Rs. 85.47 Cr. in FY23 as against Rs. 81.01 Cr. in FY2022. The group missed its projection by 5.03%. The slower growth in revenue is a result of sluggish demand in the export market on account of the Russia-Ukraine war. The profitability position of the company saw minuscule improvement at EBITDA level as reflected by EBITDA margin of 6.76% in FY23 as against 6.30% in FY22. However, the PAT margin saw a decline from already lower margin of 0.74% in FY22 to 0.18% in FY23. The dip in profitability is attributable to higher depreciation and interest expenses incurred due to CAPEX done in FY22 & FY23 to setup a plant in Chennai and increase capacity of all the existing units. However, the company SRPPL has registered a revenue of Rs. 54 Cr. in 9MFY24 with EBITDA margin of 7.78% and PAT margin of 0.68% reflecting improvement in profitability position in the current fiscal.

### **Moderate Financial Risk Profile**

Stork Group has moderate financial risk profile marked by moderate net worth, moderate gearing and average debt protection metrics. Group's net worth stood at Rs. 27.68 Cr. as on 31st March 2023 as against Rs. 27.49 Cr. as on 31st March 2022. Gearing level, (debt-to-equity) slightly moderated and stood at 1.11 times in FY23 as against 0.91 times in FY22 and 0.81 times in FY21. Gearing moderated due to additional on boarding of debt for CAPEX. Interest coverage ratio moderated and stood at 2.90 times in FY23 as against 3.54 times for FY2022 and 3.93 times for FY2021. Likewise, DSCR moderated from 1.39 times in FY2022 to 1.10 times in FY2023.

## **Weaknesses**

### **Intensive Working capital management**

Group has improved yet intensive working capital requirements as evident from gross current assets (GCA) of 174 days in FY23 as against 208 days for FY2022 and 287 days for FY2021. Inventory days stood at 35 days as on 31 March 2023 as against 39 days in the previous year. Debtor Days stood at 105 days in FY23 as against 121 days in FY 21. Current Ratio stood at 1.16 times as on 31 March 2023 as against 1.24 in the previous year. Even after high GCA days the fund based limit utilization of the company remained at an average 70.16% in the past six month ended February 2024.

### **Susceptibility of profitability margins to volatility in raw material prices**

The margins of Stork group remain partially exposed to any adverse movement in the prices of key raw materials viz. rubber and metals such as aluminium and steel, as the group has limited pricing flexibility owing to intense competition in the industry, any adverse movement in raw material costs could directly affect the margins.

## **Rating Sensitivities**

Growth in Operating income and improvement in profitability Margin

Improvement in financial risk profile of the company

Improvement in liquidity position of the company

Any adverse movement in the working capital management resulting into liquidity stretch

## **Liquidity Position**

### **Adequate**

The company has adequate liquidity marked by net cash accruals to its maturing debt obligations coupled with moderate utilization of fund-based facility. The average utilization of working capital limits stood at an average of ~70.16 percent in the last six months ending February 24. The company generated cash accruals of Rs. 3.81 crore for FY2023 as against Rs. 3.28 crore of repayment obligations for the same period. The company is expected to generate cash accruals of Rs. 4.32 Cr. and Rs. 4.97 Cr. in FY24 & FY25 against which the

company has maturing debt obligation of Rs. 2.89 Cr. in each year giving some buffer in terms of cash accruals and the undrawn limits are further supporting the liquidity. The company has unencumbered cash and bank balances of Rs. 3.73 crore as on 31<sup>st</sup> March 2023.

**Outlook: Stable**

Acuité believes that SRPPL will maintain a 'Stable' outlook over the medium term on the back of its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the group registers higher-than-expected growth in its revenues and profitability while maintaining its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the group registers lower-than-expected growth in revenues and profitability or in case of deterioration in the group's financial risk profile or significant elongation in the working capital cycle.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	85.47	81.01
PAT	Rs. Cr.	0.15	0.60
PAT Margin	(%)	0.18	0.74
Total Debt/Tangible Net Worth	Times	1.11	0.91
PBDIT/Interest	Times	2.90	3.54

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

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Jan 2023	Bank Guarantee (BLR)	Short Term	0.95	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	0.20	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	0.30	ACUITE A3 (Reaffirmed)
	PC/PCFC	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.19	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.34	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.30	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.95	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.97	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.97	ACUITE BBB-   Stable (Reaffirmed)
07 Oct 2021	Bank Guarantee/Letter of Guarantee	Short Term	0.95	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	0.30	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	0.20	ACUITE A3 (Reaffirmed)
	PC/PCFC	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	6.11	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.97	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.95	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.48	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab and Sind Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.95	ACUITE A3   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A3   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB-   Stable   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.20	ACUITE A3   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.30	ACUITE A3   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A3   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	30 Mar 2021	Not avl. / Not appl.	28 Feb 2027	Simple	0.55	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	19 Aug 2022	Not avl. / Not appl.	19 Aug 2027	Simple	1.17	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	14 Jan 2022	Not avl. / Not appl.	14 Jan 2026	Simple	0.30	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	14 Jan 2022	Not avl. / Not appl.	14 Jan 2027	Simple	0.34	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	01 Sep 2023	Not avl. / Not appl.	10 Aug 2028	Simple	0.70	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	26 Sep 2023	Not avl. / Not appl.	10 Aug 2028	Simple	0.70	ACUITE BBB-   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	26 Sep 2023	Not avl. / Not appl.	10 Aug 2028	Simple	0.74	ACUITE BBB-   Stable   Reaffirmed

Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	31 Aug 2020	Not avl. / Not appl.	30 Jun 2024	Simple	0.50	ACUITE BBB-   Stable   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	05 Aug 2021	Not avl. / Not appl.	30 Jun 2026	Simple	0.90	ACUITE BBB-   Stable   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	31 Mar 2022	Not avl. / Not appl.	31 Mar 2027	Simple	1.60	ACUITE BBB-   Stable   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	31 Jan 2023	Not avl. / Not appl.	10 Apr 2034	Simple	1.94	ACUITE BBB-   Stable   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	31 Jan 2023	Not avl. / Not appl.	10 Jan 2034	Simple	1.31	ACUITE BBB-   Stable   Reaffirmed

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

- Stork Rubber Products Private Limited
- Stork Auto Engineering Private Limited



## Contacts

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### About Acuité Ratings & Research

Acuité 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. Acuité 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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