



Press Release

Westin Resins & Polymers Private Limited

April 14, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facilities	24.91	IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook)	Assigned
3.	Short Term Bank Facility	5.00	IVR A4 (IVR Single A Four)	Assigned
	Total	29.91		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Westin Resins & Polymers Private Limited comfort from its experienced promoter. The rating also factors its diversified customers and suppliers profile. However, these rating strengths are partially offset by moderate financial risk profile, elongated operating cycle, modest and declining scale of operations and vulnerability of margins to fluctuations in raw material price.

Key Rating Sensitivities:

Upward Factor:

- ✓ Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity
- ✓ Improvement in the capital structure with improvement in debt protection metrics

Downward factor:

- ✓ Dip in operating income and/or profitability further impacting the debt coverage indicators and/or further deterioration in the financial risk profile
- ✓ Any further significant rise in working capital intensity or unplanned capex leading to a further deterioration in the liquidity position.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoter

Company is promoted by Mr. Babaji Sawant who is the chairman and managing director of the company and has almost four decades of experience into the industry. Mr. Harshad B. Sawant and Mr. Dhiraj B. Sawant are another two directors of the company and have experience of almost one decade of experience. The experience of the management has helped the company to establish long term relationship with various customers and suppliers over a period of time.

Diversified Customers and Suppliers Profile

The firm serves a diverse set of customers, with the top ten customers contributing to ~48% of the total revenues in FY20. It has an established relationship with large domestic suppliers, contributing to 68% of total purchase in FY20. The Company has been associated with its major customers and suppliers from last 5-7 years.

Key Rating Weaknesses

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by Tangible Net worth of Rs.17.62 Crores in FY20 as against Rs.16.73 Crores in FY19. The Overall gearing improved marginally to 1.48x in FY20 as against 1.46x in FY19. TOL/TNW improved to 3.16x in FY20 as against 3.73x in FY19. The debt protection metrics is below average with ISCR & DSCR of 1.16x & 0.76x in FY20 as against 1.67x & 0.79x in FY19.

Elongated Operating Cycle

The operating cycle of the company elongated to 179 days as on March 31, 2020 (FY19: 140 days). The increase in working capital cycle was largely on account of increase in collection period to 267 days as on March 31, 2020 (FY19: 234 days). Going forward, any further deterioration in operating cycle and resultant adverse impact of the liquidity position shall remain key monitorable.



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Modest and Declining Scale of Operations

The scale of operations remained modest and continuously declining over the last 3 years i.e. total operating income of Rs.89.72 Crore in FY18 to Rs.83.25 Crore in FY19. In FY20, TOI further declined to Rs.67.79 Crores.

Vulnerability of margins to fluctuations in raw material price

The key raw materials for manufacturing of polyester resins comprise of phthalic and maleic anhydride, purified isophthalic acid, mono-ethylene glycol, di-ethylene glycol, styrene monomer and Propylene glycol. Given that the key raw materials are all petroleum derivatives and have other alternative uses, the operations of the company remain vulnerable to the availability and fluctuations in prices of the raw materials.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity - Stretched

The company has stretched liquidity as seen by Gross Cash Accruals of Rs.1.50 Crores in FY20 as against current maturities of long term borrowings amounting to Rs.3.25 Crores as on March 31, 2019. Company's working capital limits are utilized to the extent of ~84% during the past 6 months ended February, 2021 indicating a moderate liquidity buffer.

About the Entity

Westin Resins & polymers Private Limited was incorporated on December 13, 2010 by the Sawant Family. Company is engaged into manufacturing of saturated and unsaturated polyester resins. Its manufacturing facility is located in Thane, Maharashtra. The manufacturing facility is spread over 7 acres of land with an installed capacity of 15000 MT per annum. Company markets its products under the brand name of 'Vittspol'. The Company is promoted by Mr. B.D. Sawant, who has almost four decades of experience into the industry.



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Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	83.25	67.79
EBITDA	6.38	4.38
PAT	1.55	0.89
Total Debt	24.66	26.14
Tangible Net worth	16.73	17.62
EBITDA Margin (%)	7.66	6.46
PAT Margin (%)	1.85	1.28
Overall Gearing Ratio (x)	1.46	1.48

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	18.50	IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook)	-	-	-
2.	Term Loans	Long Term	6.41	IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook)	-	-	-
3.	Letter of Credit	Short Term	5.00	IVR A4 (IVR Single A Four)			



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	-	-	-	18.50	IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook)
Long Term Bank Facilities – Term Loans	-	-	-	6.41	IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook)
Short Term Bank Facilities – Letter of Credit	-	-	-	5.00	IVR A4 (IVR Single A Four)