



Press Release

Satish Injecto-Plast Pvt Ltd

May 04, 2021

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	8.33	IVR BB-/Stable Outlook (Pronounced as IVR Double B minus with Stable Outlook)	Assigned
Short Term Bank Facilities	3.50	IVR A4 (Pronounced as IVR Single A Four)	Assigned
Proposed Long Term Facilities	12.00	IVR BB-/Stable Outlook (Pronounced as IVR Double B minus with Stable Outlook)	Assigned
Total	23.83 (INR Twenty-Three Crores and Eighty-Three Lakhs Only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Satish Injecto-Plast Pvt Ltd (SIPPL) derives strength from the extensive experience of the promoters, reputed customer profile, location benefits with respect to the customers, and improvement in the operating margin in the past fiscal year. However, the ratings are constrained by subdued revenue growth in past fiscals mainly on muted order inflow, high customer concentration, stretched capital structure, modest coverage metrics, large working capital requirements, and vulnerability to the raw material prices fluctuation.

Key Rating Sensitivities:

Upward Factors

- Sustained and healthy revenue and margin growth.
- Prudent working capital management.
- Improvement in credit metrics on sustained basis.

Downward Factors

- Significant decline in operating revenue and operating margins
- Further stretch in receivables and inventory weakening the liquidity and increasing dependence on external borrowings.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters in the plastic injection moulding industry:** SIPPL involved in the manufacture of products. The promoter, the family holds an experience of over two decades in the plastic injection moulding business which has also enabled build up healthy relationships with customers and suppliers. The promoters have also incorporated SIP Moulds Pvt Ltd which are involved in the same line of business.
- **Reputed customer profile, location benefits with respect to the customers:** The company caters to some reputed customers in the automobile/auto ancillary industry like automotive components among others. Majority of customers are present in the vicinity of the company's manufacturing units which provides it with location advantage. Alternatively, the suppliers also remain in the vicinity of the manufacturing units.
- **Improvement in operating margins in the past fiscal:** The company in the period FY2018 to FY2020 has reported an improvement in operating margins. The same have remained at 7.23% in FY2020 as against 5.99% in FY2019 and....3.01% in FY2018. Improvement in EBIDTA margins in FY2020 was also partially aided by accretion in stocks. Sustainability of EBIDTA margins going forward will be key monitorable.

Key Rating Weaknesses

- **Subdued revenue growth in past fiscals mainly on muted order inflow:** Total operating income declined by approximately 25% to Rs. 54.31 crore in FY 2020 as against Rs. 72.12 crore in FY 2019 due to primarily muted order inflow from its customers, mainly auto/auto ancillary entities. The company in FY2021 (9M) has reported revenues of 44.50.crore and is likely to report a revenue of 58.00.crore in FY2021.
- **High customer concentration:** The customer concentration remained high in FY 2020 at 69%. Also most of the customers are placed in the cyclical automobile industry.
- **Stretched capital structure, modest coverage metrics:** While overall gearing has remained at 4.06times as of March 31,2020 as compared to 3.07 times in as of March 31,2019 mainly on introduction of unsecured loans, the same when adjusted as quasi equity stands at 1.08 times as of March 31,2020. Planned debt funded capex in



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the near term may put pressure on the credit metrics of the company. The interest coverage and Total Debt/EBIDTA has remained at 3.46.times as on March 31,2020 as compared to 3.61 times as on March 31,2019 mainly on high debt levels.

- **Large working capital requirements:** The company's operating cycle has remained stretched in the past few fiscals implying higher working capital requirements despite support from the creditors. The operating cycle remained at 102.days as on March 31,2020 as compared to 61 days and 31 days as on 31 March 2019 and as on 31 March 2018. Improvement in the same will be a key monitorable, going forward.
- **Vulnerability to the raw material price fluctuations:** The company requires hipolene, geloy, volox, and cycloline material as its raw material. Raw material being an important component of the cost structure, the profitability remains vulnerable to raw material price fluctuations. The company sources its raw material requirement from Nasik and Chakan.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies
Financial Ratios & Interpretation (Non- Financial Sector)

Liquidity – Stretched

The liquidity position remains stretched given the modest cash balance of Rs. 0.06 crore as on December 31,2020and almost full utilisation of the sanctioned limits as depicted by average utilisation of 98% during the last 12 months ended February 2021. Further, the company has an expected debt obligation of Rs. 2.87-2.66 crore for the period FY2022 -23 against expected GCA of Rs. 2.89 crore to 4.12 crore in the same period. The operating cycle of the company remained at 102 days as on March 31,2020 as compared to 61 days as on March 31,2019 implying some pressure on the liquidity. Promoter support remains crucial going forward, in case of any cash flow mismatch.

About the Company

Incorporated in 2004, Satish Injecto-Plast Pvt Ltd was first established as a proprietorship concern in 1993 and was operating under the name Satish Industrial Plastics. SIPPL is engaged in manufacturing of injection moulded plastic components used in Automotive, Agriculture, Construction, Luggage, and Electrical sector. The company had two



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manufacturing units located at Chakan and Nasik. The company is promoted by Mr. Shrikant Rambilas Navandar and his wife, Mrs. Anuradha Shrikant Navandar.

Financials (Standalone):

(Rs. Crore)

For the year ended*/As on	31-03-2020	31-03-2019
Total Operating Income	54.31	72.12
EBITDA	3.93	4.32
PAT	0.19	0.44
Total Debt	13.57	15.59
Adjusted Tangible Net Worth	12.52	5.22
EBITDA Margin (%)	7.23	5.99
PAT Margin (%)	0.36	0.61
Overall Gearing Ratio (x)	1.08	2.99

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (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.	Term Loan (O/s)	Long Term	1.33	IVR BB-/Stable	--	--	--
2.	Cash Credit		7.00		--	--	--
3.	Proposed Term Loan		10.00		--	--	--
4.	Proposed Cash Credit		2.00		--	--	--
5.	Invoice Discounting		3.00	IVR A4	--	--	--



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6.	Bank Guarantee	Short Term	0.50		--	--	--

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

Name and Contact Details of the Rating Analyst:

Name: Mr. Akshay Rastogi	Name: Shashikant Raut
Tel: (011) 24611149	Tel: (022) 62396023
Email: akshay.rastogi@infomerics.com	Email: shashikant.raut@infomerics.com

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 Facility- Term Loan (O/s)	-	-	Dec, 2021	1.33	IVR BB-/Stable
Long Term Bank Facility- Cash Credit	-	-	Revolving	7.00	
Proposed Long Term Facility- Term Loan	-	-	-	10.00	
Proposed Long Term Bank Facility- Cash Credit	-	-	-	2.00	
Short Term Bank Facility- Invoice Discounting	--	--	90 days	3.00	IVR A4
Short Term Bank Facility- Bank Guarantee	-	-	Up to 12 months	0.50	

Annexure 2: Facility Wise Lender Details

<https://www.infomerics.com/admin/prfiles/lender-Satish-injecto-4-may-21.pdf>