



Press Release

Signet Industries Limited

May 29, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	220.00 (enhanced from Rs. 195.00 crore)	IVR BBB+/ Stable (IVR Triple B plus with Stable Outlook)	IVR BBB+/ Stable (IVR Triple B plus with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities	170.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
Total	390.00 (Rupees Three Hundred and Ninety crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating to the bank facilities of Signet Industries Limited (SIL) in view of experienced management & long-standing relationships with the clients, established market position & diversified product portfolio, and moderate capital structure. The ratings however are constrained by large working capital requirement, moderate profitability margin and competitive & fragmented nature of the industry.

The outlook is stable in view of experienced promoters and management.

Key Rating Sensitivities:

Upward Factors:

- Significant and sustained growth in revenue along with healthy profitability and debt protection metrics.
- To bring the operating cycle to a comfortable level or maintain with adequate liquidity profile of the company

Downward Factors:

- Any decline in revenue and/or profitability arising out of company/sector specific reasons leading to deterioration of debt protection parameters and/or liquidity.
- Stretching of working capital cycle.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Experienced management and long-standing relationships with the clients:

The top management consists of the promoters, Mr. Mukesh Sangla, Mr. Saurabh Sangla, who have extensive experience in the plastic industry in terms of manufacturing and trading of said products. This has given them a strong understanding of the market dynamics and enabled them to establish healthy relationships with suppliers and customers. SIL will continue to benefit from the established relationship with customers which in turn will help the company to grow strongly going ahead.

Established market position and Diversified Product Portfolio

SIL is a well-established and diversified player in the plastic and polymer industry, with nearly 38 years of experience. Over the years, the company has built a strong presence across multiple verticals. SIL is particularly recognized for its trading and distribution of polymers, partnering with leading producers such as Reliance Industries Ltd., ONGC Petro additions Ltd. (OPaL), Indian Oil Corporation Ltd. (IOCL), and several other domestic and international manufacturers.

In addition to trading, SIL has supplied high-pressure pipelines to various government agencies and prominent private EPC companies like NCC Ltd., Megha Engineering & Infrastructures Ltd. (MEIL), and Larsen & Toubro Ltd. The company has also expanded into the MDPE pipeline segment for water and gas applications, receiving repeat orders from satisfied clients. With over 13 years of operational experience across various states, SIL holds a strong market position in regions like Madhya Pradesh, Maharashtra, Andhra Pradesh, and Telangana. Furthermore, the company engages in direct sales of its products to farmers and other end users, further strengthening its market reach and customer base.

Moderate capital structure

The SIL's capital structure is moderate marked by Tangible Net-worth of Rs. 219.71 crore as on 31st March 2024 against Rs. 206.23 crore as on 31st March 2023. The increase in the net-worth is due to accumulation of profits. The overall gearing ratio of the company is also moderate and stood constant at 1.53 times as on 31st March,2024 against 1.50 times as on



Press Release

31st March 2023. The TOL/TNW also stood constant at 2.49x as on 31st March 2024 against 2.53x as on 31st March 2023. Going forward, the capital structure is expected to improve with overall gearing ratio and TOL/TNW projected to range between 1.3x - 1.4x and 2.1x - 2.2x respectively as on 31st March 2025.

Key Rating Weaknesses:

Large working capital requirement

Operations are working capital intensive as indicated by operating cycle of 125 days for FY24(refers to the period from 1st April 2023 to 31st March 2024), driven by large inventory and receivables of 87 days and 97 days, respectively. SIL receives moderate credit periods of ~60 days from its suppliers, leading to higher dependence on bank limits for meeting its working capital requirement. The average utilization stood at around 82% in the last 12-month period ending March 2025, indicating limited liquidity cushion for the company. Efficient management of liquidity will remain a key monitorable factor.

Moderate Profitability Margin

The company's profitability, as indicated by a PAT margin of 1.27% for FY24, remained moderate primarily due to high interest costs arising from the working capital-intensive nature of its operations. Since FY24, the company has strategically realigned its revenue mix, increasing focus on the Trading segment. The share of revenue from Trading has consistently grown, while the contribution from the Manufacturing segment (comprising Polymers and Extruded Plastic Products) has declined—from 39:61 in FY23(refers to the period from 1st April 2022 to 31st March 2023) to 48:52 in FY24 and is expected to reduce to 60:40 in FY25(refers to the period from 1st April 2024 to 31st March 2025). This strategic shift aims to mitigate cost volatility and seize potential market opportunities in the Trading segment. As a result, the company's PAT rose by ~18%, to Rs. 15.45 crore in FY24 from Rs. 13.05 crore in FY23. As per 9MFY25(Unaudited) financials, SIL achieved a TOI of Rs. 814 crores with an operating margin of 7.27% in line with the projections for FY25.

Competitive and Fragmented Nature of the Industry

The industry constituting PVC pipes and manufacturing is highly fragmented and has very low entry barriers which makes it a very competitive industry. Both organized as well as



Press Release

unorganized players are competing for the market share. This tends to reduce the pricing capability of the company as the market decides the price of the product. However, SIL is one of the preferred vendors for executing EPC contracts for various Government schemes.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)*

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

*Change in rating methodology from manufacturing to trading due to drop in revenue mix from manufacturing activities from 61% in FY23 to 52% in FY24 and expected to further decrease to less than 50% in FY25.

Liquidity –Adequate

The liquidity position of the company is expected to remain adequate supported by increasing and sufficient gross cash accruals vis-à-vis debt repayment obligation. The current and quick ratios remained adequate at 1.37x and quick ratio at 0.81x as on March 31, 2024, and is expected to remain comfortable in FY25.

About the Company

Incorporated in 1985, Signet Industries Limited (SIL) is engaged in manufacturing of plastic pipes and fittings for Micro Irrigation System (MIS) and construction and moulded plastic goods for household use and furniture. Signet is also engaged in trading and distribution of polymers such as polypropylene (PP), high density polyethylene (HDPE), and poly-vinyl chloride resin (PVC). The manufacturing operations commenced in 2011 at its manufacturing facility located at Madhya Pradesh with installed capacity to manufacture is 54,750 MTPA in March 2020, which further enhanced to 60,750 MTPA.



Press Release

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1017.69	1213.04
EBITDA	69.48	84.11
PAT	13.05	15.45
Total Debt	309.01	335.31
Tangible Net Worth	206.23	219.71
EBITDA Margin (%)	6.83	6.93
PAT Margin (%)	1.28	1.27
Overall Gearing Ratio (x)	1.50	1.53
Interest Coverage (x)	1.58	1.49

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Crisil Ratings continues the ratings of bank facilities of Signet Industries Limited in the 'Issuer Not Cooperating' category vide Press Release dated June 29, 2024, due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

S r. N o.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
		PR Date			May 20, 2024	-	Mar 29, 2023
1.	Long Term Bank Facilities	Long Term	220.00	IVR BBB+/ Stable	IVR BBB+/ Stable	-	IVR BBB+/ Stable
2.	Short Term Bank Facilities	Short Term	170.00	IVR A2	IVR A2	-	IVR A2

Analytical Contacts:

Name: Gaurav Jain
 Tel: (020) 29913006
 Email: gaurav.jain@infomerics.com



Press Release

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



Press Release

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Cash Credit	-	-	-	-	220.00	IVR BBB+/Stable
Letter of Credit	-	-	-	-	140.00	IVR A2
Bank Guarantee	-	-	-	-	30.00	IVR A2

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-signet-may25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.