

Supershine ABS Platers Private Limited
April 08, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.85	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Total Facilities	13.85 (Rs. Thirteen Crore and Eighty-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Supershine ABS Platers Private Limited (SABS) to monitor the ratings vide e-mail communications/ letters dated March 02, 2021, March 03, 2021 and March 04, 2021 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Supershine ABS Platers Private Limited's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in long term rating factors in non-cooperation by SABS and CARE's efforts to undertake a review of the ratings outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on January 28, 2020, the following were the rating strengths and weaknesses (updated with FY20 (Audited) financials from MCA website)

Key Rating Weaknesses

Small scale of operations: Scale of operation of company continued to remain small however marginally grew with the total operating income of Rs.18.41 crore in FY20. The tangible net-worth base also stood small at Rs.6.28 crore as on March 31, 2020 (vis-à-vis Rs.5.48 crore as on March 31, 2019), thereby limiting the financial flexibility of the company to a greater extent.

Highly leveraged capital structure & weak debt coverage indicators: The capital structure of SABS marginally improved with the overall gearing of 4.40 times as on March 31, 2020 from 4.70 times as on March 31, 2019 owing to increase in net worth base with accretion of profit to reserves. Debt coverage indicators continued to remain weak however total debt/GCA improved from 34.10 times in FY20 to 11.62 times in FY20 on account of increase in gross cash accruals, however the interest coverage ratio has deteriorated marginally from 2.19 times in FY19 to 2.06 times in FY20 owing to increase in interest cost.

Working capital intensive nature of operations: The inventory holding of SABS elongated marginally from 14 days in FY19 to 81 days in FY20. Further the collection period also stretched from 43 days in FY19 to 87 days in FY20. On the other hand, the creditors' period also stretched to 114 days in FY20 (vis-à-vis 30 days in FY19). Given all of the above, the operating cycle elongated from 27 days in FY19 to 54 days in FY20.

Further, the current ratio and quick ratio stood low at 0.72 times and 0.44 times respectively as on March 31, 2020 (vis-à-vis 0.64 times and 0.53 times respectively as on March 31, 2019).

Risks associated to execution & stabilization of the ongoing expansion project: SABS is undertaking an expansion project for setting up of a new manufacturing facility at Tarapur, Maharashtra, at which the company will also undertake manufacturing of injection molds and subsequently will also undertake plating on them. The said project is highly funded through external debt. The company is exposed to timely project execution & stabilization risk, since 18.37% of the total estimated project cost is yet to be incurred as on March 31, 2018, whereas the subsequent stabilization of operations would also be critical.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Presence in highly competitive & fragmented industry: SABS operates in a highly competitive & fragmented plating industry wherein a large number of unorganized players are engaged in the plating activities on a job-work basis. Moreover, the increasing demand for the plated products from the reputed players in the market intensifies the prevailing competition in the market. This is evident from the high collection period marked by high credit period required to be extended by the company to its reputed customers.

Key Rating Strengths

Long track record of operations, highly experienced promoters with operational and financial synergies with group: SABS possesses a long track record of over 15 years of operations in electroplating of various pen parts, various automobile parts and various household articles on a job-work basis. The overall operations of SABS are looked after by the promoters – Mr. Suresh Shah with his son Mr. Ranjan Shah, who possess a total experience of over 33 years and 20 years respectively in the electroplating activities. Furthermore, SABS derives operational and financial synergies with its group entities viz. Spencer & Spencer (S&S) and Arihant Enterprises (AE) who are also engaged in the similar line of business.

Established relationship with reputed albeit concentrated clientele: SABS has established long-term relationships with its various reputed customers which include manufacturers of pens, automobile parts and household articles. However, the customer profile of the company is highly concentrated with the top 5 customers comprising 75.84% of the net sales in FY18 (prov.) (vis-à-vis 96.24% in FY17).

Healthy profit margins albeit susceptibility to volatile raw material prices: The PBILDT margin of SABS improved from 10.50% in FY19 to 28.42% in FY20 on account of decline in cost of material consumed to 45.13% in FY20 vis-à-vis 72.62% in FY19. PAT margin also improved from 3.64% in FY19 to 4.32% in FY20 with improvement in PBILDT margin.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated in February 2004 as a private limited company by Mr. Suresh Shah, SABS is engaged in surface finishing on various ABS (Acrylonitrile Butadiene Styrene) plastics & metals. The said activity comprises electroplating of various pen parts, automobile parts and household articles. The operations of the company are completely undertaken on a job-work basis, wherein the molds are provided by the customers to the company, after which the latter applies plating on them. The services of the company are catered to the manufacturers of pens, automobile parts and household articles to various states & union territories across India, viz. Pondicherry, Tamil Nadu, Maharashtra, Daman, Goa, etc. On the other hand, the primary raw materials viz. metals and various chemicals are procured from the local manufacturers & traders across Mumbai and Dadra & Nagar Haveli.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	17.26	18.41
PBILDT	1.81	5.23
PAT	0.63	0.79
Overall gearing (times)	4.70	4.40
Interest coverage (times)	2.19	2.06

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	11.85	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	11.85	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Jan-20)	1)CARE BB-; Stable (10-Aug-18)
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Jan-20)	1)CARE BB-; Stable (10-Aug-18)

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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