CareEdge RATINGS

Great White Global Private Limited

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	140.00	CARE A- (RWN)	Placed on Rating Watch with Negative Implications
Long Term / Short Term Bank Facilities	75.00	CARE A- / CARE A2 (RWN)	Placed on Rating Watch with Negative Implications
Short Term Bank Facilities	147.00	CARE A2 (RWN)	Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has placed the ratings of bank facilities of Great White Global Private Limited (GWGPL) on "Rating Watch with Negative Implications" due to dispute between the promoters and subsequent NCLT filing by Mr. Hemang Shah, (director) against GWGPL and the Mr. Mehul Shah (director) for unequal representation in board and seeking relief against certain resolution intended to be passed by other directors which are alleged to be biased against him. CARE Ratings will continue to monitor developments on the case and would take a view once clarity on the above matter emerges.

The ratings assigned to the bank facilities of GWGPL continue to derive strength from vast experience of promoters in the electrical switches and wires industry, large distribution network and diversified product profile of the company. The ratings continue to factor in its growing yet moderate scale of operations with moderate profitability, comfortable capital structure and debt coverage indicators.

The ratings, however, continue to be constrained working capital-intensive nature of operations, susceptibility of profit margins to volatility in raw material prices, foreign exchange fluctuation risk and intense competition from both organized and unorganized players in the industry.

CARE ratings have withdrawn the ratings of one of the bank facilities of the company as per submission of No dues certificate from the respective bank.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 16% on sustainable basis with substantial increase in scale of operations.
- Improvement in operating cycle below 120 days on a sustainable basis.

Negative factors

- Increase in overall gearing above unity on sustainable basis on account of un-envisaged debt funded capex.
- Deterioration in PBILDT margin below 8% on sustained basis.
- Any crystallization of contingent liability and/or any unrelated diversion of funds affecting the liquidity profile of the company

Analytical approach: Standalone

Detailed description of key rating drivers:

Key strengths

Moderate scale of operation and profitability

Scale of operations, marked by Total Operating Income (TOI) of GWGPL has grown at CAGR (Compounded annual growth rate) of 10.42% during last four years ended FY24. In FY24, TOI marginally grew by 2.50% to Rs.1161.19 crore vis-à-vis Rs. 1132.84 crore in FY23 due to due to stable demand from existing and new customers. Further, company has achieved TOI of Rs. 810.97 crore in 9MFY25. The TOI is expected to remain at similar levels on the back of stable demand from the end user markets.

PBILDT margin slightly improved to 10.20% in FY24 vis-à-vis 9.55% in FY23 on account of change in the product mix along with decline in third party manufacturing which reduced to 14.88% in FY24 from 17.13% in FY23. The owned manufacturing fetches relatively higher margin over third party manufacturing. The same was also attributable due to increased revenue composition from high value products viz. MCBs, DBs, Conduit Pipes and amongst others.

Profit margins are vulnerable to volatile prices of raw materials i.e. copper and PVC resins being major raw material, easing in copper prices and crude oil prices have also led to improvement in PBILDT margin. Further, in line with improvement in PBILDT margin, PAT margin also improved to 9.40% in FY24 from 6.58% in FY23. The proportionately higher improvement in the same was due to increase in the non-operating income with return on investments including mutual funds.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Further, the company has achieved PBILDT margin and PAT margin of 10.40% and 5.04% respectively in 9MFY25. The PAT margin declined during the period due to increase in interest cost due to availment of new term loans during the said period.

Comfortable capital structure and debt coverage indicators

The capital structure marked by overall gearing stood comfortable marked by overall gearing of 0.50x as on March 31, 2024, vis-à-vis 0.62x as on March 31,2023. However, the overall gearing moderated to 0.61x as December 31, 2024 due to availment of new term loans during FY25. Total outside liabilities to tangible networth also stood comfortable and the same has slightly improved to 0.91x as on March 31, 2024 (vis-à-vis 1.12x as on March 31, 2023).

Debt coverage indicators continued to remain comfortable with total debt/GCA improved to 2.14x in FY24 as against 3.15x in FY23. Interest coverage ratio continued to remain comfortable, however moderated at 11.86x in FY24 vis-à-vis 13.67x in FY23 due to increase in interest expense. Interest coverage moderated to 7.91x during 9MFY25.

Going forward, capital structure is expected to remain at a comfortable level on the back of no major debt funded capex planned in the near to medium term.

Large distribution network and diversified product base

Promoter's long existence in the industry has helped the company to rapidly expand its scale of operations by building robust distribution network and diversifying product categories. GWGPL has its distribution network of dealers and clearing and forwarding agent. The dealers are managed by agents who are responsible for servicing the dealers. Further, the company has depots which are used to store the finished goods so as to ensure timely delivery to the customers.

Further, GWGPL has well-diversified product portfolio which includes switches and MCBs, wires & cables, circuit protection systems, lighting and luminaries, and Fans. Further, the products of the company are present at various price points with different brand names, e.g. Myrah, Fiana, Domia, Petra, Tivoli and Myrah Touch for switches as well as Secure X-FR, Secure X Plus-FRLSH and Secure X ultra-ZHFR for electrical wires. It sells its products PAN India with Maharashtra and Bihar constituting major share comprising of 18% and 17% of total sales in FY24.

Well experienced and resourceful promoters

GWGPL is currently managed by Mehul J. Shah and Hemang J. Shah as directors having more than two decades of experience in the industry. The promoters of GWGPL are assisted by well-qualified professionals heading different functions of the company. The promoters of the company are resourceful and have been regularly infusing funds in the company to fund its growing business. Besides, GWGPL is part of the diversified Jadavjibhai's Anchor group which has diversified business interest ranging from writing instruments, paints and realty, other than electrical devices and wiring.

Key weaknesses

Ongoing NCLT proceeding against GWGPL and its directors

There is a dispute between the promoters wherein Hemang Shah, (director) filed suit in NCLT against GWGPL and the Mr. Mehul Shah (director) for unequal representation in board and seeking relief against certain resolution intended to be passed by other directors for an appointment of additional directors and the change in the signatories to the bank account of GWGPL which are alleged to be biased against him. The case in NCLT is going on and CARE would monitor the development in terms of resolution of differences amongst the promoters and will take a review once the further clarity emerges on the same.

Working capital intensive nature of operations albeit healthy liquidity:

GWGPL's operations are working capital intensive in nature as marked by stretched gross current assets period of 278 days in FY24 (vis-à-vis 149 days in FY23) owing to funds blocked in inventory and debtors. The company allows higher credit (around 90-120 days) to its customers (dealers) to drive higher volume sales. As a result of this, the receivables period of the company tends to remain on higher side at 131 days in FY24 (vis-à-vis 121 days in FY23) leading to increase in working capital requirements. However, 98% debtors are less than six months as of March 31, 2024. Further company provides channel financing facility to its dealers. Currently, the channel financing facility is being availed by approximately 15% of company's dealers which is expected to increase in medium term thereby expecting elongated collection period. It has to maintain sufficient stock of raw material to meet the demand in timely manner and the processing time takes around 1-2 months thus inventory period stood higher at 72 days in FY24 (vis-à-vis 76 days in FY23). On the other hand, company receives limited credit period from reputed suppliers which results in creditors period stood at 38 days in FY24 (vis-à-vis 37 days in FY23). The same results in elongated working capital cycle at 165 days in FY24 (vis-à-vis 159 days in FY23). Nevertheless, the working capital requirements of the company primarily gets mitigated through internal accruals which resulted in lower utilization of working capital limits.

Susceptibility of profit margins to volatility in copper and PVC resin prices and forex fluctuation:

The company's major raw materials are copper and PVC resin which are used in manufacturing of wires and switches. Copper constitutes 80% of the raw material cost for manufacturing cable wires. Around 20-25% of the total copper requirement is met though imports from Malaysia and balance from domestic players. During FY25, the company has reduced its exports due to unfavourable pricing environment. Hence, the company is exposed to forex risk and raw material price volatility risk. Company uses LC backed credit for procurement of copper from overseas suppliers. Considering large number of players in the industry and relatively modest size of the company as compared to industry leaders, there might be a time lag in passing on increasing input cost which may affect the company's profitability in short term.

Highly competitive market for electrical switches and cables
In domestic cable industry, the company faces intense competition from the unorganized sector and from cheap imports from Malaysia and Vietnam, because of low entry barriers in terms of technology, which can be easily replicated. Moreover, in Electrical Switches vertical company faces competition from several organized players. Advertising and promotional expenses accounts for almost 10% of TOI. As the company caters to more than 5,000 dealers across India, it must invest in several promotional/discount schemes for dealers to gain competitive advantage.

Liquidity: Strong
The liquidity position remained strong marked by sufficiently cushioned accruals as against is repayment debt obligation of Rs. 12.91 crore in FY25. Also, it has healthy liquidity in form of free cash & bank balances and liquid investments in form of mutual funds amounting to Rs.122.75 crore as on December 31, 2024 (Rs.143.02 crore as on March 31, 2024). The deployment of these funds would remain a key monitorable as increase in same is driven by increased utilization of dealer financing facility guaranteed by company. The average utilization of the fund based working capital limits stood low at 29% and average of maximum utilization remained at 43% for past twelve months ended December 2024. Further, the current ratio and quick ratio stood comfortable at 1.62 times and 1.25 times respectively as on March 31, 2024 (vis-à-vis current ratio and quick ratio of 1.62 times and 1.25 times respectively as on March 31, 2023). Cash flow from operating activities stood positive at Rs.61.83 crore in FY24 as against Rs.80.51 crore in FY23.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

- Definition of Default
- Liquidity Analysis of Non-financial sector entities
- Rating Outlook and Rating Watch
- Manufacturing Companies
- Financial Ratios – Non financial Sector
- Short Term Instruments
- Withdrawal Policy

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Cables - Electricals

Great White Global Private Limited (GWGPL, formerly known as Great White Electricals Pvt. Ltd.), was incorporated in May 1994 (operations started in 2011) by Jadavji Shah and his family members. Jadavji Shah and his brother Damji Shah were erstwhile promoters of Anchor Electricals Pvt. Ltd., which was amongst leaders in switches industry. Anchor Electricals Pvt Ltd. was later sold to Panasonic in 2007.
GWGPL is involved in manufacturing of electrical switches, wires and cables and related accessories. The company has its manufacturing facilities located at Haridwar, Uttarakhand (for electrical switches) and Valsad, Gujarat (for electrical switches molding, wire and cable business). GWL has a vast, in-house R&D facility and a well-equipped tool-room infrastructure to develop and manufacture all ranges of switches and wires.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	1,132.84	1,161.19	810.97
PBILDT	108.26	118.49	84.31
PAT	74.61	109.18	40.89
Overall gearing (times)	0.59	0.50	NA
Interest coverage (times)	13.67	11.86	7.91

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	140.00	CARE A- (RWN)
Fund-based/Non-fund-based-LT/ST		-	-	-	75.00	CARE A- / CARE A2 (RWN)
Non-fund-based - ST-BG/LC		-	-	-	147.00	CARE A2 (RWN)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	140.00	CARE A- (RWN)	-	1)CARE A-; Stable (14-Mar-24)	1)CARE A-; Stable (09-Mar-23)	1)CARE A-; Stable (21-Mar-22)
2	Non-fund-based - ST-BG/LC	ST	147.00	CARE A2 (RWN)	-	1)CARE A2 (14-Mar-24)	1)CARE A2 (09-Mar-23)	1)CARE A2 (21-Mar-22)
3	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (14-Mar-24)	1)CARE A-; Stable (09-Mar-23)	1)CARE A-; Stable (21-Mar-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	75.00	CARE A- / CARE A2 (RWN)	-	1)CARE A-; Stable / CARE A2 (14-Mar-24)	1)CARE A-; Stable / CARE A2 (09-Mar-23)	1)CARE A- / CARE A2 (21-Mar-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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