

**Signet Industries Limited****July 15, 2026****Rating Action**

Total Bank Loan Facilities Rated	Rs. 390.00 Crore	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating Downgraded)	RBI
Short Term Rating	IVR A3+ (Rating Downgraded)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The downgrade of the ratings assigned to the bank facilities of Signet Industries Limited (SIL) factors in the company's evolving business mix, with an increased contribution to trading activities from manufacturing activities, which has kept the working capital requirements elevated and resulted in a gradual increase in debt levels and interest costs over the years. The ratings also consider the lower-than-projected net profitability in FY26 (refers to period April 1st, 2025 to March 31st, 2026) and the company's modest profitability levels. The ratings, however, continues to derive comfort from SIL's experienced management, established market position, diversified product portfolio, long-standing customer relationship, and moderate capital structure. Further, the rating strengths continues to partially offset by thin profitability and working capital intensive nature of operations.

Outlook: Stable

The rating outlook on the long-term rating is Stable in view of experienced management coupled with established market position.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

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.

In addition to trading, SIL has supplied high-pressure pipelines to various companies. 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. 246.94 crore as on 31st March 2026. The overall gearing ratio of the company is moderate at 1.86 times as on 31st March, 2026 against 1.66 times as on 31st March, 2025. TOL/TNW slightly deteriorated to 2.89x as on 31st March, 2026 against 2.63x as on 31st March, 2025. The moderation was on account of increased debt levels, owing to working capital requirements. Going forward, Infomerics expects the capital structure to improve in near term supported by repayments and improvement in accruals.

Weaknesses

- **Shift in business mix towards trading without commensurate improvement in working capital intensity and profitability**

The company's business mix has gradually shifted towards trading, which accounted for a larger share of revenues in FY25 and FY26. While this has supported revenue growth in FY26, the transition has not resulted in a commensurate improvement in profitability or working capital intensity. Consequently, the company continues to have elevated



working capital requirements, resulting in higher reliance on borrowings and increased interest costs, thereby exerting pressure on the debt coverage indicators. Going forward, the company's ability to regain traction in its manufacturing operations, while improving profitability and moderating its working capital intensity, will remain a key monitorable.

- **Persistently thin profitability**

The company's profitability has remained thin over the years, reflected by EBITDA and PAT margin of 7.26% and 1.2% in FY26, with the lower-than-projected earnings in FY26, impacted by elevated finance cost associated with its working capital-intensive operations, exerting pressure on debt coverage metrics and overall financial risk profile. Since FY24 (refers to period April 1st, 2023 to March 31st, 2024), the company has progressively shifted its revenue mix towards the trading segment, with the trading-to-manufacturing contribution increasing to 67:33 in FY26 from 60:40 in FY25 (refers to period April 1st, 2024 to March 31st, 2025) to 67:33 in FY26. Nonetheless, this strategic shift aims to mitigate cost volatility and seize potential market opportunities in the trading segment.

- **Working capital intensive operations**

The company's operations remain working capital intensive, primarily due to high inventory and receivables requirements. The sustained reliance on working capital borrowings has resulted in elevated debt levels and interest costs, thereby constraining the company's debt coverage indicators.

Liquidity – Adequate

SIL's liquidity position remains adequate with healthy cash flow from operations expected in the current fiscal. Against these sources of cash, the company has a total commitment of around ~Rs.5 crore in FY27 (refers to period April 1st, 2026 to March 31st, 2027). Infomerics expects the company to comfortably service its debt obligations. Although the debt repayment obligations would increase over the near term, Infomerics expects the company to meet these from the available liquidity buffers and cash flow generation, as operations scale up gradually. The average utilisation of fund based working capital limits was moderate at around 84% in past twelve months ending May 2026. Further, absence of any debt funded capex provides comfort to the liquidity position.

Rating Sensitivities

Upward Factors

- Significant and sustained growth in revenue along with healthy profitability



- Improvement in debt protection metrics with total debt/ EBITDA below 2x
- Improvement in operating cycle

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
- Moderation in the capital structure with deterioration in overall gearing ratio and weakening of debt coverage indicators
- Elongation of working capital cycle

About the Company

Incorporated in 1985, Signet Industries Limited (SIL) is primarily engaged in the trading and distribution of polymers, including polypropylene (PP), high-density polyethylene (HDPE), and polyvinyl chloride (PVC) resin. The company also manufactures plastic pipes and fittings for micro irrigation systems (MIS) and moulded plastic products catering to the construction, household, and furniture segments. SIL commenced its manufacturing operations in 2011 at its facility in Madhya Pradesh, with an installed capacity of 60,750 MTPA as on March 31, 2026.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	1179.09	1346.79
EBITDA	87.94	97.76
PAT	15.64	16.16
Total Debt	387.79	459.33
Tangible Net Worth (TNW)	233.55	246.94
EBITDA Margin (%)	7.46	7.26
PAT Margin (%)	1.32	1.20
Overall Gearing (times)	1.66	1.86
Interest Coverage (times)	1.50	1.57

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

[Rating Methodology for Trading Companies.](#)

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

Criteria for assigning Rating outlookPolicy on Default Recognition and Post Default Curing PeriodComplexity Level of Rated Instruments/Facilities**Status of non-cooperation with previous CRA: Nil****Any other information: Nil****Rating History for last three years**

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					May 29, 2025	May 20, 2024	-
1.	Fund based facilities	LT	220.00	IVR BBB/Stable	IVR BBB+/Stable	IVR BBB+/Stable	-
2.	Non-fund based facilities	ST	170.00	IVR A3+	IVR A2	IVR A2	-

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISI N	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator^	Complexity Indicator
Cash Credit I	NA	NA	NA	-	112.00	IVR BBB/Stable	NA	RBI	Simple
Cash Credit II	NA	NA	NA	-	65.00	IVR BBB/Stable	NA	RBI	Simple
Cash Credit III	NA	NA	NA	-	43.00	IVR BBB/Stable	NA	RBI	Simple
Letter of Credit I	NA	NA	NA	-	72.00	IVR A3+	NA	RBI	Simple
Letter of Credit II	NA	NA	NA	-	50.00	IVR A3+	NA	RBI	Simple
Letter of Credit III	NA	NA	NA	-	18.00	IVR A3+	NA	RBI	Simple
Bank Guarantee I	NA	NA	NA	-	20.00	IVR A3+	NA	RBI	Simple
Bank Guarantee II	NA	NA	NA	-	10.00	IVR A3+	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/Len Signet Ind15 Jul26 d7bd9a5ddc.pdf](https://infomericstorage.blob.core.windows.net/uploads/Len%20Signet%20Ind15%20Jul26_d7bd9a5ddc.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side

**Footnotes:**

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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About Infomerics

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