



SMERA RATINGS LIMITED

**Vimal Plastics (VP)****Rating  
Rationale****March 27, 2015**

<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Rating</b>
<b>Cash Credit</b>	<b>1.00</b>	<b>SMERA BBB-/Stable (Reaffirmed)</b>
<b>Term Loan</b>	<b>0.21</b>	<b>SMERA BBB-/Stable (Reaffirmed)</b>

SMERA has reaffirmed the long-term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the Rs.1.21 crore bank facilities of Vimal Plastics (VP). The outlook is '**Stable**'. The rating continues to draw comfort from the firm's long track record of operations, established relations with reputed customers and healthy financial risk profile. However, the rating is constrained by the firm's small-scale operations and low capital base. The rating is also constrained by the firm's exposure to intense competition prevalent in the plastic industry.

**Update**

VP's revenue has increased to Rs.8.52 crore in FY2013-14 (refers to financial year, April 01 to March 31) from Rs.7.64 crore in FY2012-13. Further, the firm reported sales of Rs.8.45 crore (provisional) during April 2014 to November 2014 on the back of addition of new customers. VP's operating profit margin declined from 19.35 per cent in FY2013-14 to 16.78 per cent in FY2012-13 on account of high raw material cost.

VP's tangible net worth is low at Rs.3.36 crore as on March 31, 2014. The proprietor has withdrawn Rs.0.58 crore (from the firm's total net profit of Rs.0.86 crore) in FY2013-14. VP's healthy financial risk profile is reflected in low debt-to-capital ratio of 0.47 times as on March 31, 2014 and interest coverage ratio of 12.75 times in FY2013-14. The firm has undertaken capex of Rs.3.40 crore towards purchase of new machineries in the current financial year. The capex was funded through term loan of Rs.2.55 crore and internal accruals of Rs.0.85 crore. SMERA believes the aforementioned capex will not have a material impact on the financial risk profile of the firm. VP has maintained a comfortable working capital cycle of 43 days in FY2013-14. The firm's cash credit utilisation was moderate at ~75 per cent during July 2014 to December 2014.

**Outlook: Stable**

SMERA believes VP will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues while maintaining comfortable profit margins and healthy financial risk profile. The outlook may be revised to 'Negative' in case of steep decline in the firm's revenues and profit margins.

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### About the firm

VP is a Noida-based proprietorship concern established in 1981 by Mr. Vimal K. Fialoke. VP undertakes manufacturing of injection moulded plastic components such as flip top caps, bottles, serum bottles, motorized and geared caps, and pressed powder compact. The firm caters to customers in the packaging industry. VP has a factory unit in Noida, Uttar Pradesh.

For FY2013-14, VP reported profit after tax (PAT) of Rs.0.86 crore on operating income of Rs.8.52 crore, as compared with PAT of Rs.0.81 crore on operating income of Rs.7.64 crore in FY2012-13. The firm's net worth stood at Rs.3.36 crore as on March 31, 2014, as compared with Rs.3.34 crore a year earlier.

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