

March 30, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.25# (enhanced from Rs.5.75 crore)	SMERA BB/Stable (Reaffirmed)
Term Loan	0.50	SMERA BB/Stable (Assigned)
Foreign Letter of Credit/Letter of Credit/Buyers' Credit	5.00* (enhanced from Rs.3.50 crore)	SMERA A4+ (Reaffirmed)

#Includes Working Capital Demand Loan as a sublimit to the extent of Rs.3.00 crore

#One-way interchangeability permitted up to Rs.3.00 crore from Cash Credit to Letter of Credit /Foreign Letter of Credit/Buyer's Credit

*Includes Bank Guarantee as a sublimit to the extent of Rs.0.10 crore

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.0.50 crore bank facility and reaffirmed rating of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.11.25 crore bank facilities of Rukmini Polytubes Private Limited (RPPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the company's long track record of operations. The ratings also factor in the stable profit margins and financial risk profile. However, the ratings continue to remain constrained by the small scale of operations and unevenness in revenues amidst intense competition in the pipes industry. The ratings are also constrained by the susceptibility of the company's profit margins to volatility in raw material prices and fluctuations in forex rates.

Outlook: Stable

SMERA believes that RPPL will continue to benefit over the medium term from its established presence in the uPVC pipes segment and experienced management. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially while maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if it fails to achieve the scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Rating Sensitivity Factors

- Increasing scale of operations
- Maintaining operating profit margins
- Working capital management and bank limit utilisation

About the Company

RPPL, incorporated in 1999, is a Delhi-based company promoted by Mr. Gopi Krishna Kejriwal, Mr. Ajay Kejriwal and Mr. Sanjay Kejriwal. The company is engaged in the manufacture of uPVC pipes, sold under the Rukmini® and Kejriwal® brand names. The company also trades in chemicals and PVC resin and has a manufacturing facility at Bahadurgarh (Haryana), with installed capacity of 6,000 metrics tonnes per annum (MTPA).

In FY2014-15, RPPL reported profit after tax (PAT) of Rs.0.10 crore on operating income of Rs.29.57 crore, as compared to PAT of Rs.0.14 crore on operating income of Rs.26.58 crore in the previous year.

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