



# Pradip Polyfils Private Limited (PPPL)

**February 18, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BB/Stable(Reaffirmed)
Term Loan I	2.65*	SMERA BB/Stable(Reaffirmed)
Term Loan II	1.42	SMERA BB/Stable(Reaffirmed)
Foreign Letter of Credit	1.40	SMERA A4+ (Reaffirmed)
Bank Guarantee	0.08	SMERA A4+ (Reaffirmed)

\* Includes FLC as a sublimit to the extent of RS. 1.65 Crore.

SMERA has reaffirmed the long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) assigned to the above mentioned bank facilities of Pradip Polyfils Private Limited (PPPL). The outlook is '**Stable**'.

The ratings continue to be supported by the company's experienced management, long track record of operations and geographically diversified business. The ratings also draw support from the healthy financial risk profile marked by low gearing, comfortable interest coverage indicators and net worth. However, the ratings are constrained by the working capital intensive nature of business and moderate scale of operations. Further, the ratings also factor in the intense competition in the plastic manufacturing industry and forex fluctuation risk.

### Outlook: Stable

SMERA believes the outlook on PPPL's rated facilities will remain stable over the medium term on account of the company's long track record of operations, experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' if the company registers sustained growth in revenue while maintaining profit margins. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the company's profit margins or significant deterioration in the capital structure on account of extensive external borrowings.

### Rating Sensitivity Factors

- Increasing scale of operations and sustaining margins
- Efficient working capital management

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**About the Company**

PPPL, established in 1987, is a Gujarat-based company promoted by Mr. Vijay Kansara. The company is engaged in the manufacture of polypropylene filter plates used in filter press machines and derives ~100 per cent of its revenue from exports to USA, Japan, and European countries.

For FY2014–15, PPPL reported profit after tax (PAT) of Rs.2.01 crore on total operating income of Rs.29.31 crore, as compared with PAT of Rs.2.49 crore on total operating income of Rs.26.00 crore in FY2013–14.

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