

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

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.

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.

Contact List

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head, Emerging Corporate Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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.