

July 16, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit Facilities</b>	<b>15.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Letter of Credit</b>	<b>50.00</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned a long term rating of '**SMERA BB**' (**read as SMERA double B**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the above mentioned bank facilities of Petro Plast Industries Limited (PPIL). The outlook is '**Stable**'.

The rating derives comfort from the established track record of the promoters, moderate financial risk profile marked by comfortable debt protection metrics and strong sourcing and trading network. However, the rating is constrained by revenue risk arising from Duty Entitlement Pass Book (DEPB) incentive-related regulations and susceptibility of profit margins to fluctuation in raw material prices.

### **Outlook: Stable**

SMERA believes that the company will continue to benefit over the medium term from the promoters' extensive experience in the polymer and chemical trading business. The outlook may be revised to 'Positive', if the company achieves increased revenue growth with sustained improvement in its profit margins along with effective working capital management. Conversely, the outlook may be revised to 'Negative' in case of a significant decline in the company's revenue and profit margins or deterioration in the company's capital structure.

### **About the Company**

PPIL incorporated in 1979, is a Chennai-based company promoted by Mr. Ajay Kumar Agarwal, Mr. Om Prakash Agarwal and others. The company undertakes importing and trading of polymer and chemical products.

For FY2013-14, the company reported (profit after tax) PAT of Rs.1.52 crore on operating income of Rs.246.85 crore as against PAT of Rs.1.13 crore on total revenues of Rs.215.03 crore for FY2012-13. The company's networth stood at Rs.14.51 crore against total debt of Rs.35.51 crore as on March, 31, 2014.

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