

September 01, 2015

Facilities	Amount(Rs. Crore)	Ratings
Cash Credit	5.20	SMERA BB/Stable (Assigned)
Bank Guarantee	1.00	SMERA A4+ (Assigned)
Proposed Term Loan	0.80	SMERA BB/Stable (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the above mentioned bank facilities of VR Coatings Private Limited (VRCPL). The outlook is '**Stable**'. The rating derives comfort from the company's long track record of operations, reputed clientele and moderate financial risk profile. However, the rating is constrained by the small scale of operations, uneven profit margins followed by working capital intensive nature of operations. The rating also factors in susceptibility of profit margins to the inherent cyclicity in the automobile industry.

Outlook: Stable

SMERA believes the outlook will remain stable over the medium term owing to the company's established track record. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenues while maintaining profitability and a diversified revenue profile. The outlook may be revised to 'Negative' in case of higher than expected increase in the debt funded working capital expenditure.

Rating Sensitivity

- Scalability of operations
- Diversification of revenue profile
- Working capital management

About the Company

VRCPL, incorporated in 1985, is a Pune based company engaged in the manufacture and installation of pneumatically driven airless spray painting and dispensing equipments. The product finds application in automobile, aeronautics, oil and gas industries. The automobile industry contributes around 70 percent to the company's revenues. VRCPL is managed by Mr. Vincent D'Souza (Managing Director).

For FY2014-15, VRCPL reported profit after tax (PAT) of Rs.0.39 crore on operating income of Rs.22.85 crore, as compared with PAT of Rs.0.32 crore on operating income of Rs.20.40 crore in FY2013-14.

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Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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