February 03, 2016

Facilities	Amount (Rs. Crore)	Ratings
Packing Credit/Packing Credit in Foreign Currency	**4.50**	**SMERA A3 (Assigned)**
Cash Credit	**2.00**	**SMERA BBB-/Stable (Assigned)**
Letter of Credit	**2.00**	**SMERA A3 (Assigned)**
Bank Guarantee/Letter of Guarantee	**0.20**	**SMERA A3 (Assigned)**
Forward Cover Limits	**0.10**	**SMERA A3 (Assigned)**

SMERA has assigned a ratings of **'SMERA BBB-' (read as SMERA triple B minus)** and **'SMERA A3' (read as SMERA A three)** to the above mentioned bank facilities of Tridev Resins (India) Private Limited (TRIPL). The outlook is **'Stable'.** The ratings draw comfort from the company's healthy financial risk profile, comfortable liquidity position and improvement in profit margins. However, the ratings are constrained by the modest scale of operations, susceptibility of the profit margins to volatility in raw material prices and forex fluctuations. Further, the company is also exposed to intense competition in the chemical industry.

TRIPL is a Gujarat based company engaged in the manufacture of synthetic resins and acrylic emulsions. The company has a healthy financial risk profile marked by gearing of 0.27 times as on March 31, 2015 and interest coverage ratio of 25.71 times for FY2014-15. The company has a comfortable liquidity position due to low utilisation of its bank limits leading to low interest cost. The working capital cycle is comfortable due to low inventory holding. Besides, the operating profit margins have improved to 11.89 per cent in FY2014-15 from 7.22 per cent in FY2013-14.

TRIPL operates on a moderate scale. The company registered revenues of Rs.41.65 crore in FY2014-15 which was a nominal growth of ~6 per cent over FY2013-14. This is mainly on account of fall in sales realisations due to price volatilities. The company is also susceptibility to volatility in raw material prices as it's linked to crude oil. However, the company safeguards itself against this risk by holding low inventory. TRIPL imports around 50 per cent of its raw material and exports around 60 per cent of its sales. Thus, the profit margins are also susceptible to forex fluctuation risk. The company faces intense competition in the chemical industry.

Outlook: Stable

SMERA believes TRIPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers more than anticipated growth in revenues and achieves sustainable profitability while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

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

About the Company

TRIPL was incorporated in 2006 by Mr. Vinod Ojha. The company is engaged in the manufacture of synthetic resins and acrylic emulsions for printing inks, paints and surface coatings industries. The manufacturing facility is located at Vapi (Gujarat).

In FY2014-15, TRIPL reported profit after tax (PAT) of Rs.2.95 crore on operating income of Rs.41.65 crore, as compared to PAT of Rs.1.65 crore on operating income of Rs.39.48 crore in the previous year.

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