



May 18, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	9.00	SMERA B+/Stable (Assigned)
Term Loan	1.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B Plus**) on the Rs.10.00 crore bank facilities of Vibgyor Paints and Chemicals Pondicherry (VPCP). The outlook is '**Stable**'. The rating is constrained by the moderate scale of operations, customer concentrated risk and capital intensive nature of business. The rating is also constrained by the high cost of borrowing and intense competition in the fragmented paint industry. However, the rating draws support from the experienced management and moderate financial risk profile.

Outlook- Stable

SMERA believes that the firm will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm registers sustained growth in revenues while improving profitability and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Improvement in net worth and working capital requirement

About the Firm

VPCP was established in 1986 by Mr. Ramamirtham, Mr. Vasudevan, and Mr. Kalachelvan. The firm is engaged in the manufacturing of paints and has well equipped R&D facilities with quality control. The manufacturing unit is located at Chennai and Vellore, Tamil Nadu.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.33 crore on operating income of Rs.27.57 crore, as compared with PAT of Rs.0.13 crore on operating income of Rs.25.71 crore for FY2013-14. The net worth stood at Rs.4.21 crore as on March 31, 2015 as compared with Rs.2.39 crore a year earlier.

Vibgyor Paints and Chemicals Pondicherry (VPCP)

*Rating
Rationale*



SMERA RATINGS LIMITED

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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.