

### Avon Mold Plast Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	1.50	SMERA B/Stable (Assigned)
Term Loan	1.11	SMERA B/Stable (Assigned)
Term Loan	1.18	SMERA B/Stable (Assigned)
Proposed Long Term	1.21	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B (read as SMERA B)**' to the abovementioned bank facilities of Avon Mold Plast Private Limited (AMPPL). The outlook is '**Stable**'.

The rating is constrained by the modest scale of operations and average financial risk profile marked by moderate gearing and interest coverage. The rating is also constrained by the intensely competitive plastic industry. However, the rating draws comfort from the long track record of operations and experienced management.

AMPPL is engaged in the manufacture of plastic moulded furniture. The scale of operations of AMPPL is modest marked by operating income of Rs.10.69 crore in FY2016 as compared to Rs.8.64 crore in FY2015. The financial risk profile is marked by moderate gearing ratio of 1.35 times in FY2016 as compared to 1.39 times in FY2015. The interest coverage ratio has been moderate at 2.92 times in FY2016 as against 2.56 times in FY2015. Also, the company faces intense competition in the plastic industry.

However, the company incorporated in 2002 benefits from its long track record of operations. The promoters, Mr. Sushil Aggarwal, Mrs. Anita Aggarwal and Mr. Sahil Aggarwal possess experience of around two decades in the plastic industry.

#### Rating Sensitivity Factors

- Improvement in scale of operations
- Movement in working capital cycle

#### Outlook-Stable

SMERA believes that AMPPL's outlook will remain stable owing to the extensive experience of the promoters in the business. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenue and capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

#### Criteria applied to arrive at the rating:

- Manufacturing Entities

#### About the Company

AMPPL, incorporated in 2002 at Ghaziabad, U.P is engaged in the manufacture of plastic moulded furniture. The company sells its products - plastic chairs, tables among others under the 'AVON' brand name.

In FY2015-16, the company achieved profit after tax (PAT) of Rs.0.10 crore on operating income of Rs.10.69 crore as compared to PAT of Rs.0.04 crore on operating income of Rs.8.64 crore a year earlier.

The net worth stood at Rs.2.74 crore in FY2015-16 as compared to Rs.2.56 crore a year earlier. The total net worth of Rs.2.74 crore in FY2015-16 includes quasi equity of Rs.0.20 crore.

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