

Press Release

Avon Mold Plast Private Limited (AMPPL)

28 February, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 5.00 crore bank facilities of Avon Mold Plast Private Limited (AMPPL). The outlook is '**Stable**'.

The Uttar Pradesh-based AMPPL, incorporated in 2002 is engaged in the manufacture of plastic moulded furniture. The company sources the raw material - plastic granules from the local markets of Uttar Pradesh, Delhi and Jaipur for manufacture of chairs and tables. It has around 70 distributors in the northern and eastern regions of India to cater to MNCs, large format retailers among others. The products are sold under the AVON brand name.

List of key rating drivers and their detailed description

Strengths

Experienced management with long track record of operations

The company was incorporated in 2002 by Mr. Sushil Aggarwal and Mr. Sahil Aggarwal who possess experience of more than two decades in the plastic industry.

Moderate liquidity position

The liquidity position is comfortable marked by Interest coverage ratio of 3.92 times in FY2016-17 as compared to 2.92 times in FY2015-16. The Debt Service Coverage Ratio stood at 3.92 times in FY2016-17. Further, the net cash accrual margins stood at 7.33 percent in FY2016-17 and 7.79 percent in the previous year.

Weaknesses

Highly competitive and fragmented industry

AMPPL faces intense competition from other players in the vicinity.

Modest scale of operations:

The scale of operations is modest marked by operating income of Rs.14.19 crore in FY2017 and Rs. 10.69 crore in FY2016.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of AMPPL to arrive at the rating.

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 its financial risk profile

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	14.91	10.69	8.64
EBITDA	Rs. Cr.	1.47	1.21	0.93
PAT	Rs. Cr.	0.14	0.09	0.04
EBITDA Margin	(%)	9.89	11.35	10.71
PAT Margin	(%)	0.92	0.85	0.44
ROCE	(%)	8.13	8.46	8.27
Total Debt/Tangible Net Worth	Times	1.02	1.35	1.39
PBDIT/Interest	Times	3.92	2.92	2.56
Total Debt/PBDIT	Times	3.92	2.90	2.49
Gross Current Assets (Days)	Days	148	152	154

Status of non-cooperation with previous CRA (if applicable):

None

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/ Outlook
12-Nov, 2016	Cash Credit	Long Term	1.50	SMERA B / Stable (Assigned)
	Term Loan	Long Term	1.11	SMERA B / Stable (Assigned)
	Term Loan	Long Term	1.18	SMERA B / Stable (Assigned)
	Proposed Term Loan	Long Term	1.21	SMERA B / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA B/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.11	SMERA B/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.18	SMERA B/ Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	1.21	SMERA B/ Stable

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ABOUT SMERA

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