

Press Release

VIMAL PLATNIUM PRIVATE LIMITED

January 12, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.90 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (**read as SMERA BB minus**) on the Rs. 8.90 crore bank facilities of VIMAL PLATNIUM PRIVATE LIMITED. The outlook is '**Stable**'.

Vimal Platinum Private Limited (VPPL), was incorporated in 2007. The company is engaged in the manufacturing of fabrics (Finished and Grey Fabrics) at Bhilwara, Rajasthan.

Key Rating Drivers

Strengths

- **Experienced management**

VPPL was incorporated in 2007. The Directors, Mr. Rajesh Laddha and Mr. Mukesh Laddha have experience of more than 15 years in the textile industry. Thus, the company has been able to forge long lasting relations with its customers and suppliers.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by adjusted tangible net worth of Rs. 6.08 crore in FY2017 as against Rs.5.42 crore in the previous year. The net worth mainly includes capital from promoters and accumulated profits. Also, the Interest Coverage Ratio stood at 2.22 times and DSCR at 1.14 times in FY2017. Further, the gearing stood at 1.02 times as on 31 March, 2017 compared to 1.28 times as on 31 March, 2016.

- **Locational advantage**

VPPL is located at Bhilwara, Rajasthan - one of the biggest textile hubs in India.

Weaknesses

- **Competitive and highly fragmented industry**

VPPL operates in a highly fragmented industry with limited entry barriers wherein the presence of a large number of players in the unorganised sector limits its bargaining power with customers.

- **Decline in profitability margins**

Despite increase in revenue from Rs.23.85 crore in FY2016 to Rs. 27.21 crore, the operating profit margins decreased from 8.57 percent in FY2015-16 to 7.16 percent in FY2016-17. Similarly, PAT margins declined from 0.59 percent in FY2016 to 0.58 percent in FY2017 due to increase in manufacturing cost.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Vimal Platniun Private Limited to arrive at the rating.

Outlook: Stable

SMERA believes that VPPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in

revenue while achieving sustained improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, profit margins or deterioration in the financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	27.21	23.85	23.42
EBITDA	Rs. Cr.	1.95	2.04	2.21
PAT	Rs. Cr.	0.16	0.14	0.13
EBITDA Margin	(%)	7.16	8.57	9.44
PAT Margin	(%)	0.58	0.59	0.58
ROCE	(%)	9.69	9.88	21.64
Total Debt/Tangible Net Worth	Times	1.02	1.28	1.56
PBDIT/Interest	Times	2.22	2.11	1.96
Total Debt/PBDIT	Times	2.83	3.09	3.30
Gross Current Assets (Days)	Days	126	111	106

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.10	SMERA BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.30	SMERA BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA BB- / Stable

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ABOUT SMERA

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