

Press Release

Gujarat Polymold Corporation

June 01, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB-**' (**read as ACUITE BB minus**) on the Rs. 8.00 crore bank facilities of Gujarat Polymold Corporation. The outlook is '**Stable**'.

Gujrat Polymold Corporation (GPC), established in 1989 is a partnership firm promoted by Mr. Maqboo Iqbal Januhasan and Ms. Shenila Aheshan Januhasan. The firm is engaged in manufacturing of various plastic moulded products which are used for household purposes. The manufacturing unit of GPC is located at Ankleshwar (Gujarat) with installed capacity of 1600 metric tonnes per annum. The products manufactured by GPC includes tiffin boxes, water bottles, and chairs, to name a few. The raw materials are procured domestically and sold through distributors on pan India basis.

Key Rating Drivers

Strengths

- Established track record of operations and experienced management:**

Gujarat Polymold Corporation has established operational track record of around three decades which has helped maintain long standing relations with customers and suppliers. The firm also benefits from its experienced partners and management, Mr. Maqboo Iqbal Januhasan and Mr. Iqbal Musa Januhasan who possess around two decades of experience in the plastic product manufacturing business.

- Diversified product portfolio with strong dealer network:**

GPC offers wide range of products like tiffin boxes, water bottles, mugs, plastic flasks, chairs to name a few. Further, the firm has a strong distributors network across India.

Weaknesses

- Small scale of operations:**

GPC is operating in this segment since 1989 still the scale of operations is small. GPC reported operating income of Rs.25.84 crore in FY2017 as against Rs.25.06 crore in FY2016. Further, it has reported operating revenue of Rs.26.64 crore from April 2017-March, 2018.

- Profitability susceptible to fluctuations in raw material prices:**

Plastic raw material prices are highly susceptible to the changes in the price of crude oil. Thus, exposing the company to raw material price fluctuation risk. The operating margins stood at 2.98 percent in FY2017 as against 3.69 percent in FY2016 and 3.95 percent in FY2015. This was mainly on account raw material price fluctuation.

- Highly fragmented and competitive industry:**

GPC is exposed to intense competition from organised and unorganised players in the industry.

- Partnership constitution:**

The partnership constitution of the firm makes it vulnerable to the risk of capital withdrawal.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Gujarat Polymold Corporation to arrive at the rating.

Outlook: Stable

Acuité believes that GPC will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm registers significant growth in revenue while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or deterioration in the capital structure and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	25.84	25.06	21.55
EBITDA	Rs. Cr.	0.77	0.92	0.85
PAT	Rs. Cr.	0.05	0.09	0.04
EBITDA Margin (%)	(%)	2.98	3.69	3.95
PAT Margin (%)	(%)	0.18	0.37	0.20
ROCE (%)	(%)	7.75	8.90	15.70
Total Debt/Tangible Net Worth	Times	0.82	1.08	1.19
PBDIT/Interest	Times	1.38	1.46	1.47
Total Debt/PBDIT	Times	4.38	4.57	5.05
Gross Current Assets (Days)	Days	94	106	125

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

None

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.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
Term loans	Not Applicable	Not Applicable	Not Applicable	2.45	ACUITE BB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE BB- / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.05	ACUITE BB- / Stable

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About Acuité Ratings & Research:

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