



**Press Release**  
**Resol Vinyls And Chlorides Limited**  
**September 17, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	3.00	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	186.00	-	ACUITE A2   Assigned
Bank Loan Ratings	107.00	-	ACUITE A2   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	300.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A Two**) on the Rs. 110.00 Cr. bank facilities of Resol Vinyls and Chlorides Limited . The outlook is '**Stable**'.

Acuite has assigned the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 190 Cr. bank facilities of Resol Vinyls and Chlorides Limited . The outlook is '**Stable**'.

**Rationale for rating**

The rating reaffirmation takes into account the improved operating revenue in FY2024 (Prov), comfortable financial risk profile, and adequate liquidity position of Company. The operating income has shown ~39.52 percent YOY growth in FY2024 (Prov) as compared to the previous year , which stood at Rs.545.68 Cr. in FY2024(Prov) as against Rs. 391.12 Cr. in FY2023. The operating margins improved and stood at 1.94 percentage in FY2024 (Prov).vis-à-vis 1.35 percentage in FY2023. The financial risk profile of company continues to be comfortable, with moderate debt protection metrics, low gearing, and efficient working capital management.

The rating, however, remains constrained by intense competition, susceptibility of margins to

fluctuation in the price of the products.

### **About the Company**

Resol Vinyls and Chlorides Limited was incorporated on July 5, 2005, by Mr. Krishan Kumar Bansal, located in New Delhi. Currently, the company is being managed by Mr. Krishan Kumar Bansal, Mr. Parth Dodeja, and Mr. Vijay Rawal. It is involved in the wholesale trading of polymers and resins. The company procures products like PVC resin, PU, EVA, LLDPE, LDPE, DOP, DINP, melamine, phthalic anhydride, etc. and other polymer products from international markets, i.e., Taiwan, South Korea, China, Japan, Singapore, Malaysia, Hong Kong, Dubai, Thailand, etc. These products are mainly used in industries like footwear, PVC pipe and fittings, PVC doors and windows, PVC flooring, artificial leather, PVC flex, plastic toys, and many other similar types of products.

### **Unsupported Rating**

Not Applicable

## Analytical Approach

Acuité has considered the standalone business and financial risk profile of Resol Vinyls and Chlorides Limited to arrive at this rating.

## Key Rating Drivers

### Strengths

#### Experienced Management

The promoters of the company have been in the polymer trading business for a long time and have more than a decade of experience in the industry. The management has gained valuable experience since the inception of the company and has developed strong relationships with customers and suppliers. This has enabled them to navigate the market and helped grow the company to the scale it is presently operating at. Going forward, the company will benefit from the relationships fostered by the management and be able to grow on a sustainable basis.

#### Revenue growth and improvement in the profitability

The revenue from the operations of the company improved to Rs. 545.68 Cr. in FY24(Prov.) as compared to Rs. 391.12 Cr. in FY23 and Rs. 198.32 Cr. in FY22. Registering a growth of ~39.52% and ~97.21% year on year respectively. The increase in revenue on account of an increase in volumes and by geographical diversification toward west part of India. Further, EBDITA margin stood at 1.94 percentage in FY24 (Prov.) as against 1.35 Percentage in FY23. PAT margin stood at 0.83 percent in FY24(Prov.) as against 0.56 percent in FY23. Acuite believes that going forward, the company would be able to improve its business risk profile backed by geographical diversification and extensive experience companies in polymer trading with an established relationship with customers and global suppliers.

#### Healthy financial risk profile

Company has a healthy financial risk profile marked by comfortable net worth, low gearing and healthy coverage indicators. The net worth of the company stood at Rs. 57.99 Cr. as on March 31, 2024 (Prov.) which consisted of Rs. 23.24 Cr. of quasi equity. Debt to Equity ratio stood at 0.88 times in FY 2024(Prov.) as against 0.54 times in FY 2023. The interest coverage ratio has moderated to 2.25 times in FY 2024(Prov.) as against 2.13 times in FY 2023. The DSCR of the Company stood at 1.93 times in FY2024(Prov.). Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.41 times as on 31 March, 2024(Prov) as against 1.56 times on 31 March, 2023. Further the company has generated Net Cash Accruals of Rs. 4.66 Cr. in FY 2024 (Prov.).

### Weaknesses

#### Strong competition from unorganised players in the market

The market is highly competitive, which includes local and unorganised players in the same domain of business. This is leading to competitive pricing of the products that the company is dealing in and hence affecting the pricing of the same.

#### Susceptibility of margins to Price Volatility of crude oil

The product that the company is dealing in, i.e., PVC resin, is highly volatile since it is a derivative of crude oil. The fluctuation in the price of the product is affecting the profitability margins of the company.

## Rating Sensitivities

- Improvement in operating margins while improving revenue
- Improvement in working capital cycle

### Liquidity Position

#### Adequate

Company has adequate liquidity position. The company generated cash accruals of Rs. 4.66 Cr. in FY2024(Prov.) against no current debt for same period. The current ratio stood

comfortable at 1.36 times as on 31<sup>st</sup> March 2024(Prov.) as compared to 1.75 times as on 31<sup>st</sup> March 2023. The cash and bank balances of the company stood at Rs.10.22 Cr. in FY2024(Prov.). Further, bank limits remained moderately utilized at ~85 per cent for six months ended June 2024.

Acuité believes that going forward the liquidity profile of the company will improve backed by gradually improving cash accruals, negligible debt repayment obligations, moderate current ratio and absence of debt funded capex plan.

### **Outlook: Stable**

Acuité believes that the company will maintain a 'Stable' outlook over the medium term on the back of improving revenue profile and comfortable working capital operations. The outlook may be revised to 'Positive' in case the company registers higher-than expected growth in its revenue and profitability margins while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues and profitability margins or in case of deterioration in the company's financial risk profile or an elongation in the working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	545.68	391.12
PAT	Rs. Cr.	4.55	2.20
PAT Margin	(%)	0.83	0.56
Total Debt/Tangible Net Worth	Times	0.88	0.54
PBDIT/Interest	Times	2.25	2.13

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Aug 2024	Cash Credit	Long Term	3.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Letter of Credit	Short Term	70.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Letter of Credit	Short Term	5.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Letter of Credit	Short Term	32.00	ACUITE A2 (Upgraded from ACUITE A3+)
30 May 2023	Letter of Credit	Short Term	59.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	21.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	26.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB-   Stable (Reaffirmed)
12 Apr 2022	Cash Credit	Long Term	3.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BBB-   Stable (Assigned)
	Proposed Cash Credit	Long Term	8.00	ACUITE BBB-   Stable (Assigned)
	Letter of Credit	Short Term	30.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	16.00	ACUITE A3+ (Assigned)
	Proposed Letter of Credit	Short Term	24.00	ACUITE A3+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE BBB   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE BBB   Stable   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE BBB   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	70.00	ACUITE A2   Reaffirmed
Standard Chartered Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A2   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	32.00	ACUITE A2   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2   Assigned
Standard Chartered Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.30	ACUITE A2   Assigned
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	49.00	ACUITE A2   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A2   Assigned
The Federal Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE A2   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	63.70	ACUITE A2   Assigned
The Federal Bank Ltd	Not avl. / Not	Working Capital Demand Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BBB   Stable

	appl.	(WCDL)					Assigned
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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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