

**February 06, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	24.00	SMERA BB-/Stable (Assigned)
Export Packing Credit cum Foreign Bill Purchase	24.00	SMERA A4 (Assigned)
Letter of Credit	24.00*	SMERA A4 (Assigned)

*\*Includes Buyer's Credit as a sublimit to the extent of Rs.12.00crore*

*\*Includes Bank Guarantee as a sublimit to the extent of Rs.0.10 crore*

SMERA has assigned a long-term rating of '**SMERA BB-'**(read as **SMERA double B minus**) and a short-term rating of '**SMERA A4'**(read as **SMERA A four**) to the Rs.72.00 crore bank facilities of Dex Vin Polymers Private Limited (DVPPL).The outlook is '**Stable**'. The ratings are constrained by the susceptibility of the company's profit margins to fluctuations in raw material prices. The ratings note that the company operates in an intensely competitive segment of the plastic industry. The ratings are also constrained by the company's negative operating cash flows and working capital-intensive operations. However, the ratings are supported by the company's established track record of operations and experienced management.

DVPPL, incorporated in 1990, is a Mumbai-based company engaged in manufacturing, trading and exporting of polymers, emulsion and chemicals. DVPPL's profit margins are highly susceptible to volatility in prices of various raw materials (such as vinyl acetate, polyvinyl alcohol and styrene), which are derivatives of crude oil and natural gas. The company faces intense competition from several players in the plastic industry. DVPPL registered negative operating cash flows during FY2011-12 to FY2013-14; the company repaid its debt obligations by way of capital infusion and interest-free unsecured loans during the stated period. DVPPL's operations are working capital-intensive. The company maintains high level of raw material inventory (of 70-80 days) to ensure uninterrupted production. Moreover, DVPPL provides credit of 100-120 days to its customers. The company's working capital cycle is thus stretched at 87 days in FY2013-14.

DVPPL benefits from its experienced management. Ms. Meena Sharma, promoter of DVPPL, has around two decades of experience in the company's line of business.

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### Outlook: Stable

SMERA believes the outlook on DVPPL's rated facilities will remain stable over the medium term. The company's ability to expand its scale of operations without compromising on profitability and liquidity position will be a key rating sensitivity. The outlook may be revised to 'Negative' in case of sharp deterioration in the company's profit margins or capital structure. The outlook may be revised to 'Positive' in case the company registers significant improvement in liquidity profile and working capital management.

### About the company

DVPPL, incorporated in 1990, is a Mumbai-based company promoted by Ms. Meena Sharma. DVPPL undertakes manufacturing, trading and exporting of polymers, emulsion and chemicals such as synthetic resin emulsion, adhesives, paint emulsions, textile binders and construction chemicals. The company's products are used in various industries such as textile, paints, paper, furniture, packaging and construction. DVPPL has a manufacturing unit at Tarapur, District Thane, Maharashtra.

For FY2013-14, DVPPL reported net profit of Rs.3.51 crore on operating income of Rs.206.07 crore, as compared with net profit of Rs.3.30 crore on operating income of Rs.162.58 crore in FY2012-13. DVPPL's net worth stood at Rs.17.98 crore as on March 31, 2014, as compared with Rs.14.47 crore a year earlier.

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