

Marvel Vinyls Limited

Instrument	Amount (In Rs Crore)	Rating Action
Term Loans	3.26	[ICRA]BB+ (Stable); upgraded
Long Term : Fund Based Limits	30.00	[ICRA]BB+ (Stable); upgraded
Short Term: Non Fund Based Limits	32.00	[ICRA]A4+; upgraded

ICRA has upgraded its long term rating from [ICRA]BB (pronounced ICRA Double B) to [ICRA]BB+(pronounced ICRA Double B plus) and short term rating from [ICRA]A4 (pronounced ICRA A four) to [ICRA]A4+(pronounced ICRA A4 plus) on the Rs 65.26¹ crore bank limits of Marvel Vinyls Limited (MVL)². The outlook on the long term rating is 'Stable'.

ICRA's rating upgrade takes into consideration the continuous improvement in operating income over the past few years along with sustained profitability margins. The rating also favourably considers the decrease in term loans which would reduce repayment liability and improve coverage indicators going forward. The ratings also factor in the extensive track record of the promoters in the PVC coated fabric business and established relationships with large auto OEMs who have provided repeat business to MVL. The ratings are however constrained by the high competitive intensity and fragmentation in the Poly Vinyl Chloride (PVC) coated fabric industry; vulnerability of profitability to price fluctuations in PVC resin, though the risk is mitigated to some extent by the raw material pass through clauses with some of the auto Original Equipment Manufacturers (OEMs); vulnerability of profitability to foreign exchange fluctuations and the company's moderate financial risk profile.

Going forward, the ability of the company to improve its scale and profitability along with the improvement in scale of operations, thereby leading to an improvement in the debt coverage metrics will be the key rating sensitivities. Any significant debt funded capital expenditure will also be a key monitorable.

Company Profile

MVL was incorporated in 1985 as a private limited company and is engaged in manufacturing of PVC films and sheets in its manufacturing facilities located in Sahibabad, Uttar Pradesh and Malanpur, Madhya Pradesh. The company commenced operations in 1985 by taking over a sick company- Oriental Vinyls Limited of Birla group, with its manufacturing unit at Sahibabad. In 1993 the company commissioned its second manufacturing unit at Malanpur. In 1995 the company came out with its public offer wherein the promoters divested about 25% of their stake.

The promoters have been involved in the trading of PVC films and sheets for three decades under the partnership firm Ganesh Das & Company, incorporated in 1957, before they took over the sick company - Oriental Vinyls Limited.

Recent Results

MVL reported a net profit of Rs. 2.43 crore on net sales of Rs. 205.35 crore for 2014-15 as compared to net profit of Rs. 2.29 crore on net sales of Rs. 177.65 crore for the previous year. As per unaudited results for 9M 2015-16, the company reported a net profit of Rs. 1.82 crore on net sales of Rs. 142.14 crore.

March 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications



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