

July 31, 2020

## Virgo Polymers (India) Ltd: Ratings withdrawn

### Summary of rating action

| Instrument*                | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action                       |
|----------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| Long-Term, term loans      | 1.50                              | 1.50                             | [ICRA]BB+(Stable); Rating withdrawn |
| Long-Term, fund-based      | 10.00                             | 10.00                            | [ICRA]BB+(Stable); Rating withdrawn |
| Long -Term, Unallocated    | 0.30                              | 0.30                             | [ICRA]BB+(Stable); Rating withdrawn |
| Short-Term, Non-fund based | 12.00                             | 12.00                            | [ICRA]A4+; Rating withdrawn         |
| Short-Term, Unallocated    | 3.95                              | 3.95                             | [ICRA]A4+; Rating withdrawn         |
| <b>Total</b>               | <b>27.75</b>                      | <b>27.75</b>                     |                                     |

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the long-term rating of [ICRA]BB+ and short-term rating of [ICRA]A4+ assigned to the bank facilities of Virgo Polymers (India) Ltd (Virgo). The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company and based on the no objection certificate provided by its banker. ICRA does not have incremental information to suggest that the credit risk has changed since the time the rating was last reviewed.

### Key rating drivers and their description

Key rating drivers have not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed

### Liquidity position

Liquidity position has not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed

### Rating sensitivities

Rating Sensitivities have not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed.

### Analytical approach

| Analytical Approach             | Comments                                                                                                                         |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Applicable Rating Methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">ICRA Policy on Withdrawal and Suspension of Credit Rating</a> |
| Parent/Group Support            | NA                                                                                                                               |
| Consolidation/Standalone        | Based on standalone financial statements of the entity.                                                                          |

## About the company

Virgo is a part of the Shyam Group of companies and is involved in manufacturing FIBC bags out of their manufacturing facilities in Chennai, Tamil Nadu. Incorporated in 1985 as Virgo Polybags Private Limited, with an initial capacity of 180MTPA, its current installed capacity stands at 4800 MTPA. The company sells its products to numerous players both in the domestic and international markets. It also operates as a DCA/CS agent for HMEL for polypropylene in Tamil Nadu, Kerala and Pondicherry, and Karnataka. It caters to the bulk packaging needs of various Industries pan-India as well as, transships to 10 countries in four continents across the globe.

In FY2019, Virgo reported a net profit of Rs. 1.7 crore on an OI of Rs. 109.4 crore, as compared to a net profit of Rs. 0.8 crore on an OI of Rs. 115.3 crore in the previous year.

## Key financial indicators (audited)

|                                                      | FY2018 | FY2019 |
|------------------------------------------------------|--------|--------|
| Operating Income (Rs. crore)                         | 115.3  | 109.4  |
| PAT (Rs. crore)                                      | 0.8    | 1.7    |
| OPBDIT/OI (%)                                        | 2.3%   | 3.8%   |
| RoCE (%)                                             | 8.1%   | 12.0%  |
| Total Outside Liabilities/Tangible Net Worth (times) | 3.1    | 2.3    |
| Total Debt/OPBDIT (times)                            | 7.8    | 5.8    |
| Interest Coverage (times)                            | 1.8    | 1.8    |
| DSCR                                                 | 2.2    | 2.2    |

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

|   | Instrument       | Current Rating (FY2021) |              |                    |                               | Rating History for the Past 3 Years |                    |                      |
|---|------------------|-------------------------|--------------|--------------------|-------------------------------|-------------------------------------|--------------------|----------------------|
|   |                  | Type                    | Amount Rated | Amount Outstanding | Rating                        | FY2020                              | FY2019             | FY2017               |
|   |                  |                         |              |                    | 31-Jul-2020                   | 15-Apr-2019                         | 06-Apr-2018        | 31-Mar-2017          |
| 1 | Term Loan        | Long Term               | 1.50         | 1.50               | [ICRA]BB+ (Stable); Withdrawn | [ICRA]BB+ (Stable)                  | [ICRA]BB+ (Stable) | [ICRA]BB+ (Negative) |
| 2 | Cash Credit      | Long Term               | 10.00        | -                  | [ICRA]BB+ (Stable); Withdrawn | [ICRA]BB+ (Stable)                  | [ICRA]BB+ (Stable) | [ICRA]BB+ (Negative) |
| 3 | Unallocated      | Long Term               | 0.30         | -                  | [ICRA]BB+ (Stable); Withdrawn | [ICRA]BB+ (Stable)                  | [ICRA]BB+ (Stable) | [ICRA]BB+ (Negative) |
| 4 | Letter of Credit | Short Term              | 10.00        | -                  | [ICRA]A4+; Withdrawn          | [ICRA]A4+                           | [ICRA]A4+          | [ICRA]A4+            |
| 5 | Bank Guarantee   | Short Term              | 2.00         | -                  | [ICRA]A4+; Withdrawn          | [ICRA]A4+                           | [ICRA]A4+          | [ICRA]A4+            |
| 6 | Unallocated      | Short Term              | 3.95         | -                  | [ICRA]A4+; Withdrawn          | [ICRA]A4+                           | [ICRA]A4+          | -                    |

Amount in Rs. crore

## Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument details

| ISIN | Instrument Name    | Date of Issuance /<br>Sanction | Coupon Rate | Maturity Date | Amount<br>Rated<br>(Rs. crore) | Current Rating and<br>Outlook |
|------|--------------------|--------------------------------|-------------|---------------|--------------------------------|-------------------------------|
| NA   | Term Loan          | Jan 2018                       | -           | Mar 2022      | 1.50                           | [ICRA]BB+ (Stable); Withdrawn |
| NA   | Cash Credit        | -                              | -           | -             | 10.00                          | [ICRA]BB+ (Stable); Withdrawn |
| NA   | Unallocated Limits | -                              | -           | -             | 0.30                           | [ICRA]BB+ (Stable); Withdrawn |
| NA   | LC                 | -                              | -           | -             | 10.00                          | [ICRA]A4+; Withdrawn          |
| NA   | Bank Guarantee     | -                              | -           | -             | 2.00                           | [ICRA]A4+; Withdrawn          |
| NA   | Unallocated Limits | -                              | -           | -             | 3.95                           | [ICRA]A4+; Withdrawn          |

Source: Virgo

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