

January 21, 2020

## R.V. Plastic Limited: Continues to remain under Non-Cooperating category, Long Term Rating downgraded based on best available information

### Summary of rated instruments:

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based/ CC	10.00	10.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB-(Stable) and continues to remain under the 'Issuer Not Cooperating' category;
Short Term - Non Fund Based	6.00	6.00	[ICRA]A4; ISSUER NOT COOPERATING*; continues to remain under the 'Issuer Not Cooperating' category
<b>Total</b>	<b>16.00</b>	<b>16.00</b>	

<sup>^</sup>Issuer did not cooperate; based on best available information.

### Rationale

The Long-Term rating downgrade is because of lack of adequate information R.V. Plastic Limited's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with R.V. Plastic Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: [Click here](#)

### About the company:

R V Plastic Limited (RVPL) was incorporated in 1995 with the object of trading in Polypropylene. The company was engaged in the business of import and trading of polymer products like LDPE (Low-density polyethylene), LLDPE (Linear low-density polyethylene), HDPE (High-density polyethylene), PP (Polypropylene) etc. Subsequently in 2010 it became a Del Credere Agent (DCA) and consignment stockist of Indian Oil Corporation Limited (IOCL) for distribution of IOCL's Poly-propylene (PP)/ Polyethylene (PE) products in Haryana. Currently, the firm is one of the leading DCAs of IOCL and has two warehouses in Bhiwandi (Maharashtra) and Daman for stocking goods.

The firm extends credit to its customers for a period ranging from 30-45 days. Since the interest cost on the working capital borrowings is lower than the interest charged from customers (ranging from 13-32%), the firm has a potential arbitrage to this extent. Nonetheless, as the interest rate on working capital borrowings is based on a floating base rate of the bank, the firm continues to remain exposed to risk of interest rate fluctuations which becomes vulnerable in a scenario of economic slowdown.

### Status of non-cooperation with previous CRA

Not applicable

### Any other information

Not applicable

### Key financial Indicators (audited)

	FY2017	FY2018	FY2019
Operating Income (Rs. crore)	9.03	28.52	25.39
PAT (Rs. crore)	0.26	0.29	0.25
OPBDIT/OI (%)	17.00%	8.32%	9.73%
RoCE (%)	13.29%	9.82%	9.10%
Total Outside Liabilities/Tangible Net Worth (times)	2.87	3.30	3.59
Total Debt/OPBDIT (times)	11.10	8.38	8.98
Interest Coverage (times)	1.42	1.24	1.20
DSCR	1.31	1.18	1.15

Source: MCA

## Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)				Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					21-Jan-2020	30-Oct-2018	18-Apr-2017	-
1	Fund Based Limits – Cash Credit	Long-term	10.00	-	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]BB- (Stable) ISSUER NOT COOPERATING	[ICRA]BB- (Stable)	-
2	Non Fund Based Limits	Short-term	6.00	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	-

### 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 No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund Based Limits – Cash Credit	-	-	-	10.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Non Fund Based Limits	-	-	-	6.00	[ICRA]A4; ISSUER NOT COOPERATING

Source: R.V. Plastic Limited

## Analyst Contacts

**K Ravichandran**

+91 44 4596 4301

[ravichandran@icraindia.com](mailto:ravichandran@icraindia.com)

**Manish Ballabh**

+91 124 4545 812

[Manish.ballabh@icraindia.com](mailto:Manish.ballabh@icraindia.com)

**Ankti Maheshwari**

+91 033 7150 1189

[ankit.maheshwari@icraindia.com](mailto:ankit.maheshwari@icraindia.com)

**Satarupa Majumder**

+91 033 71501151

[satarupa.majumder@icraindia](mailto:satarupa.majumder@icraindia)

## Relationship Contact

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

### Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

### About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87  
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,  
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,  
Bangalore + (91 80) 2559 7401/4049  
Ahmedabad+ (91 79) 2658 4924/5049/2008  
Hyderabad + (91 40) 2373 5061/7251  
Pune + (91 20) 2556 0194/ 6606 9999

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