

**September 09, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA B+/Stable (Assigned)
Proposed Cash Credit	7.00	SMERA B+/Stable (Assigned)
Letter of Credit	21.00	SMERA A4 (Assigned)
Proposed Letter of Credit	20.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.52.00 crore bank facilities of Vigyan Chemicals Pvt. Ltd. (VCPL). The outlook is '**Stable**'. The ratings are constrained by the company's short track record of operations, low profit margins and weak debt protection metrics. However, the ratings are supported by the company's experienced management.

VCPL, established in 2011, is a New Delhi-based company engaged in processing and export of industrial chemicals. VCPL's net profit margin is low at 0.46 per cent in FY2013-14 (refers to financial year, April 01 to March 31). Moreover, the company's net profit of Rs.0.48 crore (in FY2013-14) is largely supported by non-operating income of Rs.0.27 crore. VCPL's weak debt protection metrics are reflected in high leverage of 3.90 times as on March 31, 2014 and low interest coverage ratio of 1.41 times in FY2013-14.

VCPL benefits from its experienced management. The directors of the company have around ten years of experience in the chemicals industry.

Outlook: Stable

SMERA believes VCPL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained improvement in profitability and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profit margins, or in case of deterioration in the company's financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

About the company

VCPL, established in 2011, is a New Delhi-based company promoted by Mr. Sanjay Jain. VCPL is engaged in processing and export of industrial chemicals. VCPL has a processing facility in Kandla, Gujarat. The overall operations of the company are managed by Mr. Sanjay Jain (Managing Director) and Mr. Ayush Jain (Joint Managing Director).

For FY2013-14, VCPL reported profit after tax (PAT) of Rs.0.49 crore on total operating income of Rs.104.70 crore, as compared with PAT of Rs.0.20 crore on total operating income of Rs.34.79 crore for

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SMERA RATINGS LIMITED

Vigyan Chemicals Pvt. Ltd. (VCPL)**Rating
Rationale**

FY2012-13. The company's net worth stood at Rs.2.33 crore as on March 31, 2014, as compared with Rs.1.85 crore a year earlier.

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