

January 06, 2015

| Facilities                                 | Amount<br>(Rs. Crore) | Ratings                            |
|--------------------------------------------|-----------------------|------------------------------------|
| <b>Cash Credit</b>                         | <b>10.00</b>          | <b>SMERA BB+/Stable (Assigned)</b> |
| <b>Term Loan</b>                           | <b>5.50</b>           | <b>SMERA BB+/Stable (Assigned)</b> |
| <b>Letter of Credit and Bank Guarantee</b> | <b>5.00</b>           | <b>SMERA A4+ (Assigned)</b>        |

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the abovementioned bank facilities of Melzer Chemicals Private Limited (MCPL). The outlook is '**Stable**'. The ratings are supported by the company's long track record of operations, experienced management and strong revenue growth. The ratings are also supported by the company's healthy profit margins and strong financial risk profile. However, the ratings are constrained by the company's moderate operating scale in a highly competitive segment of the chemical industry.

MCPL, incorporated in 1994, is a Pune-based company engaged in manufacturing and export of biocides, preservatives, treatment polymers and specialty chemicals. MCPL benefits from its experienced management. Mr. Sunil B. Shinde, director of MCPL, has around two decades of experience in the chemical industry. MCPL's revenues have grown at a strong compound annual growth rate (CAGR) of 33 per cent during FY2009-10 (refers to financial year, April 01 to March 31) to FY2013-14. The company's net profit margin (PBT margin) increased from 6.08 per cent in FY2012-13 to 8.24 per cent in FY2013-14. MCPL's strong financial profile is marked by low gearing (debt-equity) ratio of 1.06 times as on March 31, 2014 and healthy interest coverage ratio of 3.88 times in FY2013-14.

MCPL has moderate-scale operations marked by total operating income of Rs.45.96 crore in FY2013-14. The company operates in highly competitive segment of the chemical industry.

### **Outlook: Stable**

SMERA believes MCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case the company registers decline in revenues and profit margins.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the company

MCPL, incorporated in 1994, is a Pune-based company promoted by Mr. Sunil B. Shinde. MCPL undertakes manufacturing and export of biocides, preservatives, treatment polymers and specialty chemicals. The company has a manufacturing facility in Kurkumbh MIDC, Pune.

For FY2013-14, MCPL reported profit before tax (PBT) of Rs.3.79 crore on total operating income of Rs.45.96 crore, as compared with PBT of Rs.2.01 crore on total operating income of Rs.33.04 crore in FY2012-13. The company's net worth stood at Rs.11.64 crore as on March 31, 2014, as compared with Rs.7.85 crore a year earlier. MCPL registered revenues of Rs.42.00 crore (provisional) during April 2014 to December 2014.

### Contact List:

| Media / Business Development                                                                                                                                                                         | Analytical Contacts                                                                                                                                               | Rating Desk                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Mr.Antony Jose<br>Vice President – Business Development,<br>Mid Corporate<br>Tel: +91-22-6714 1191<br>Cell: +91 98208 02479<br>Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> | Mr.Ashutosh Satsangi<br>Vice President – Operations<br>Tel: +91-22-6714 1107<br>Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a> | Tel: +91-22-6714 1170<br>Email:<br><a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a> |

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