

January 12, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	5.50	SMERA BB+/Stable (Reaffirmed)
Cash Credit	10.00	SMERA BB+/Stable (Reaffirmed)
Bank Guarantee	5.00	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed 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) on the above mentioned bank facilities of Melzer Chemicals Private Limited (MCPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, healthy revenue growth and long track record of operations. The ratings also draw comfort from the above average financial risk profile marked by moderate gearing and healthy profitability. The ratings draw further support from the efficient working capital management, comfortable coverage indicators and diversified product portfolio. However, the ratings are constrained by the working capital intensive nature of business and moderate scale of operations in a highly competitive chemical industry.

Outlook: Stable

SMERA believes that MCPL will maintain a stable business risk profile over the medium term owing to the promoters' extensive industry experience and long track record of operations. The outlook may be revised to 'Positive' if the company successfully scales up operations while maintaining profitability. Conversely, the outlook may be revised to 'Negative' if the company registers decline in revenue and profit margin.

Rating Sensitivity Factors

- Scalability of operations and maintaining profitability
- Working capital management

About the Company

The Pune-based MCPL, incorporated in 1994, is promoted by Mr. Sunil B Shinde. The company undertakes manufacturing and export of biocides, preservatives, treatment polymers and speciality chemicals. The manufacturing unit of the company is located at Pune, Maharashtra.

MCPL reported profit after tax (PAT) of Rs.4.10 crore on operating income of Rs.54.39 crore for FY2014-15, as compared with PAT of Rs.3.79 crore on operating income of Rs.45.96 crore in FY2013-14.

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