

January 07, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.25	SMERA BB+/Stable (Reaffirmed)
Term Loan - I	0.02	SMERA BB+/Stable (Reaffirmed)
Term Loan - II	0.32	SMERA BB+/Stable (Reaffirmed)
Other Loan	0.22	SMERA BB+/Stable (Reaffirmed)
Standby Line of Credit	0.30	SMERA A4+ (Reaffirmed)
Letter of Credit	1.25	SMERA A4+ (Reaffirmed)
Bank Guarantee	0.25	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) for the total bank facilities of Rs.6.61 crore of Tristar Intermediates Private Limited (TIPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the company's experienced management and healthy financial risk profile. The ratings are also supported by the diversified product profile and reputed clientele. However, the ratings are constrained by the company's small scale of operations, susceptibility of profit margins to volatility in raw material prices and exposure to intense competition in the chemical industry.

Update

TIPL's revenue has increased by ~31 per cent from Rs.26.77 crore in FY2014 to Rs.35.32 crore in FY2015. Also, TIPL has generated revenue of around Rs.29.76 crore for the period April-November 2015.

TIPL's operating margin declined to 9.82 per cent in FY2015 from 11.30 per cent in FY2014. TIPL maintained a comfortable financial risk profile. The debt-equity ratio stood at 1.06 in FY2015 as against 0.88 in the previous year. The interest coverage ratio marginally declined but has remained strong at 4.07 times in FY2015 as against 5.56 times in FY2014.

Outlook: Stable

SMERA believes TIPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenue while achieving sustained improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than-expected growth in revenue and net cash accruals or deterioration in the capital structure and working capital management.

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Rating Sensitivity Factors

- Increase in scale of operations while maintaining profit margins
- Comfortable capital structure
- Adequate liquidity

About the Company

TIPL, incorporated in 1997, is a Valsad-based company promoted by Mr. Uday Marballi, Mr. Sanjay Marballi, Mr. Ramakrishna Thite and Mr. Debashish Chakraborty. The company is engaged in the manufacturing and trading of various chemicals such as disperse dye intermediates and ethylene oxide-based products used in solvent dyes, cosmetics, paints among others. TIPL also undertakes ethoxylation process on job work basis. The company has a factory unit in Valsad (Gujarat), with ethoxylation capacity of 18,000 metric tonnes per annum (MTPA) and distillation capacity of 3,600 MTPA.

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