

### Camex Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	20.00	SMERA BB/Stable (Assigned)
Term Loan	0.15	SMERA BB/Stable (Assigned)
Letter of Credit	15.00	SMERA A4+ (Assigned)
Proposed Fund/Non-Fund based	0.85	SMERA BB/Stable/SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB**' (**read as SMERA double B**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the above mentioned bank facilities of Camex Limited (Camex). The outlook is '**Stable**'.

The ratings derive comfort from the company's experienced management, stable operating margins and above average financial risk profile. However, the ratings are constrained by the decline in revenues, susceptibility of profitability to volatility in raw material prices and the highly competitive and fragmented dyes and pigments industry.

Camex Limited, established in 1989 is engaged in the manufacturing and trading of dyes and intermediates, pigments and speciality chemicals. In FY2015-16, around 66.34 percent of Camex's revenue was derived from trading of dyes and chemicals while 33.66 percent was from manufacturing. The company benefits from its experienced management. The Directors, Mr. Chandraprakash Chopra, Mr. Jitendra Chopra and Mr. Mahavirchand Chopra possess more than two decades of experience in the dyes and pigments industry. The EBITDA margins of the company have remained stable during the period under study and stood at 3.75 per cent in FY2015-16 (3.78 per cent in FY2014-15). The financial risk profile of Camex is above average marked by gearing of 0.50 times as on March 31, 2016 as compared with 0.93 times as on March 31, 2015. The interest coverage ratio improved from 1.84 in FY2014-15 to 2.23 times in FY2015-16.

However, in FY2015-16, revenue of Camex declined by 25.43 percent over the previous year due to a 50 percent fall in the selling price. However, the company registered volume growth of 11 percent in FY2015-16 over the previous year. Further, the profitability margins are susceptible to fluctuations in raw material prices of Vinyl Supher, H-Acid - derivatives of crude. The rating also factors in the highly fragmented and competitive dyes and pigments industry.

#### Rating Sensitivity Factors

- Sustainable growth in revenues with improvement in profitability
- Efficient working capital management
- Volatility in raw material prices impacting profitability

#### Outlook-Stable

SMERA believes that Camex will maintain a stable outlook in the medium term and continue to benefit from its experienced management and established presence in the dyes and pigments industry. The outlook may be revised to 'Positive' if its scale of operations increases substantially while also maintaining operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

### Criteria applied to arrive at the ratings

- Trading Entities

### About the Company

The Ahmedabad-based Camex Limited was incorporated in 1989 by Mr. Bimal Baheti and Mrs. Vanadana Baheti. The company was taken over by its existing promoters in 1993. The company manufactures and trades in dyes and pigments at its facility at Ankleshwar, Gujarat and has an installed capacity of 8,000 mtpa.

For FY2015-16, the company registered profit after tax (PAT) of Rs.1.23 crore on operating income of Rs.113.14 crore as against PAT of Rs.1.55 crore on operating income of Rs.151.73 crore in the previous year.

### Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

### ABOUT SMERA

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