

Press Release

03 March, 2017

Ma Shakambari Chemicals Private Limited

Rating Assigned

Total Bank Facilities Rated *	Rs.9.00 Cr
Long Term Rating	SMERA BB/Stable
Short Term	SMERA A4+

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 9.00 crore bank facilities of Ma Shakambari Chemicals Private Limited. The outlook is 'Stable'.

Ma Shakambari Chemicals Pvt Ltd (MSCPL), incorporated in 1998 is engaged in the trading of chemicals used in soaps and detergents. The company was promoted by Mr. Naresh Kumar Poddar who has experience of over 20 years in the trading of chemicals. Currently, the business is led by Mr. Ankur Poddar. The company trades in soda ash, caustic soda, C.R.S, Phthalic among others.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

The directors of MSCPL have more than two decades of experience in the trading of the aforementioned chemicals.

- **Moderate financial risk profile**

The moderate financial risk profile is marked by low net worth of Rs.4.95 cr in FY2016. The gearing and interest coverage ratio stands comfortable at 0.77 times and 1.82 times respectively in March 31, 2016. The DSCR stands comfortable at 1.56 times in March 31, 2016.

- **Comfortable working capital cycle**

MSCPL has comfortable gross current days of 143 in FY2016. The bank limit utilisation has been ~ 85 per cent in the last six months.

- **On-going expansion plan**

MSCPL plans to expand capacity and start manufacturing of Sodium silicate and quartz powder to cater to the soaps and detergent industry. The facility is at Majia- West Bengal. The operations are expected to commence from February 2017 and the installed capacity stands at 9600 MT per annum.

Weaknesses

- **Modest scale of operations**

The scale of operations are modest with revenue of Rs 24.31 cr in FY2016. For the eight months ended November FY2016-17, the company registered operating income of Rs 14.40 crore (provisional).

• Intense competition

The company operates in a highly competitive chemical industry.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook and continue to benefit over the medium term from its experienced management and long track record of operations. The outlook may be revised to 'Positive' in case of a substantial increase in revenue from the capex undertaken and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in profitability margins, or significant deterioration in its capital structure because of a stretch in the working capital cycle.

About the Rated Entity - Key Financials

For FY2016, MSCPL reported Profit after Tax (PAT) of Rs.0.39 cr on total operating income of Rs.24.31 cr as compared with PAT of Rs.0.37 cr on total operating income of Rs.22.19 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.95	SMERA BB/Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.75	SMERA BB/Stable
Stand by Line of Credit	Not Applicable	Not Applicable	Not Applicable	0.20	SMERA A4+
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	0.60	SMERA BB/Stable

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ABOUT SMERA

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