

Press Release

29 May, 2017

Ambani Organics Private Limited

Rating Assigned



Total Bank Facilities Rated *	Rs. 15.37 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 15.37 crore bank facilities of Ambani Organics Private Limited. The outlook is '**Stable**'.

Ambani Organics Private Limited (AOPL) is engaged in the processing and export of dyes and chemicals at Tarapur, Maharashtra. The company exports to Nigeria, Egypt, Middle East countries and Thailand. The installed capacity stands at 2000 tons per month.

Key Rating Drivers

Strengths

- **Long track record of operations**

AOPL was incorporated in 1985 and commenced operations in 1991. The company incorporated by Mr. Rakesh Shah is engaged in the processing and export of dyes and chemicals for over three decades.

- **Diversified product portfolio**

AOPL has diversified product portfolio and caters to various industries including textiles, adhesives, construction to name a few.

Weaknesses

- **Weak financial risk profile**

The financial risk profile is weak marked by high gearing of 3.81 times as on 31 March, 2016 as compared to 2.70 times as on 31 March, 2015. The company has low tangible networth of Rs. 3.44 crore as on 31 March, 2016 as compared to Rs.2.97 crore as on 31 March, 2015. The Interest coverage ratio stood at 1.07 times in FY2015-16.

- **Moderate scale of operations**

AOPL operates on a moderate scale marked by declining revenue of Rs.32.76 crore in FY2015-16 as compared to Rs.37.63 crore in FY2014-15.

- **Working capital intensive operations**

AOPL has working capital intensive operations marked by high GCA days of 215 for FY2015-16. This is on account of high debtor days of 118 in FY2015-16. The creditor days stood at 187 days for FY2015-16 as compared to 71 days in FY2014-15.

Analytical Approach

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

Outlook: Stable

SMERA believes that AOPL will maintain a stable outlook in the medium term on the back of the long standing experience of the promoter in the business. The outlook may be revised to 'Positive' in case of significant improvement in profitability, accruals and working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in profitability as well as accruals.

About the Rated Entity - Key Financials

For FY2015-16, AOPL reported loss after tax of Rs.(0.38) crore on operating income of Rs. 32.76 crore as compared to loss of Rs.(2.43) crore on an operating income of Rs.37.63 crore for FY2014-15. The networth stood at Rs.3.44 crore as on 31 March, 2016 as compared to Rs.2.97 crore as on 31 March, 2015.

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>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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	9.75	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	31-Mar-2023	2.60	SMERA B+ / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.25	SMERA A4
Term loans	Not Applicable	Not Applicable	31-Jan-2018	0.61	SMERA B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.16	SMERA B+ / Stable

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ABOUT SMERA

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