

## Press Release

### Samde Aromatic Private Limited (SAPL)

22 January, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 10.25 Cr.
<b>Long Term Rating</b>	SMERA BB/ Stable
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A4 plus**) on the above mentioned Rs. 10.25 crore bank facilities of Samde Aromatic Private Limited (SAPL). The outlook is '**Stable**'.

SAMDE AROMATIC PRIVATE LIMITED (SAPL) was incorporated in 1995 at Bhiwadi, Rajasthan. The company is engaged in the manufacture of essentials oils and allied products such as rectified peppermint oil, menthol, peppermint oil, etc used majorly in the pharmaceutical, cosmetics and confectionary industries. The company procures the raw material (plant leaves) from Uttar Pradesh and Madhya Pradesh and has an installed capacity of 900 tons. The company is led by Directors, Mr. Navneet Goel and Mr. Vineet Goel. SAPL was recognised as an EoU (Export oriented Unit) in 2002.

### Key rating drivers and their detailed description

#### Strengths

##### • Experienced management

SAPL was incorporated in 1995 by Directors, Mr. Navneet Goel and Mr. Vineet Goel who possess experience of more than three decades in the said line of business.

##### • Diversified consumer industry

Currently, end products such as Mentha oil, Mentha Piperita oil, Spearmint oil and other allied products are majorly supplied to the pharmaceutical industry. But the growing popularity of organic oils is expected to boost the sales for the cosmetics and the confectionery industry as well.

#### Weaknesses

##### Exposure to foreign exchange fluctuation risk

SAPL is exposed to foreign exchange fluctuation risk since it is an Export oriented Unit. However, the risk is mitigated since the company hedges its exposure to some extent.

##### • Average financial risk profile

The average financial risk profile is marked by low PAT margin of 1.32 percent in FY2017. The Interest Coverage Ratio (ICR) stood moderate at 2.18 times in FY2017 as against 1.89 times in FY2016. The Debt Service Coverage Ratio (DSCR) stood at 1.21 times in FY2017 as against 1.17 times in FY2016.

• **Working capital intensive operations**

SAPL has working capital intensive operations marked by high Gross Current Assets (GCA) of 154 days in FY2017 and 161 days in FY2016. This is on account of inventory holding days of 98 in FY2017 as against 128 in FY2016. The inventory holding days are high as the raw material availability is limited from January to June.

**Analytical approach:**

SMERA has considered the standalone business and financial risk profiles of SAPL to arrive at the rating.

**Outlook – Stable**

SMERA believes that the company will maintain a stable outlook in the medium term on account of the management's extensive experience in the said line of business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

**About the Rated Entity – Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	31.59	26.67	24.07
EBITDA	Rs. Cr.	1.50	1.36	1.24
PAT	Rs. Cr.	0.42	0.33	0.35
EBITDA Margin	(%)	4.74	5.10	5.14
PAT Margin	(%)	1.32	1.25	1.44
ROCE	(%)	10.71	10.50	23.20
Total Debt/Tangible Net Worth	Times	1.07	1.28	1.00
PBDIT/Interest	Times	2.18	1.89	1.66
Total Debt/PBDIT	Times	4.20	5.06	4.06
Gross Current Assets (Days)	Days	154	161	146

**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>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>

### Note on complexity levels of the rated instrument

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

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

None

### 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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.90	SMERA BB/ Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	0.35	SMERA BB/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA A4+
Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA A4+

### Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations Tel: +91-22-6714 1190 Email: <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Bhanupriya Khandelwal, Rating Analyst, Tel: +91-22-6714 1131 Email: <a href="mailto:Bhanupriya.khandelwal@smera.in">Bhanupriya.khandelwal@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

## ABOUT SMERA

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