

Press Release

Royal Synthetics

February 07, 2019



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 88.10 Cr.
Long Term Rating	ACUITE BBB (Withdrawn)
Short Term Rating	ACUITE A3+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) and short term rating of '**ACUITE A3+**' (**read as ACUITE A three plus**) on the Rs. 88.10 crore bank facilities of ROYAL SYNTHETICS. The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

Royal Synthetics (RS) is a Mumbai-based partnership firm established in 1993 by Mr. Ajay N. Shah and Mrs. Urmila N. Shah. The firm is engaged in the trading of chemicals such as di-isocyanate, polyurethane, polyester polyol, bulk drugs, API (Active Pharma Ingredient), other additives and derivatives. The day-to-day operations are led by Mr. Ajay N. Shah and his father, Mr. Navinchandra N. Shah. The firm procures around 55 percent of its requirement for chemicals from Japan, Europe, USA and other Asian countries and the remaining from the domestic market. The firm caters to manufacturers of flexible slab stock foam, thermoware, refrigeration panels, paints and coatings in India.

Analytical Approach

Acuité has considered standalone business and financial risk profile of RS to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	287.55	235.86	273.18
EBITDA	Rs. Cr.	16.11	5.91	5.80
PAT	Rs. Cr.	9.32	2.24	2.06
EBITDA Margin	(%)	5.60	2.50	2.12
PAT Margin	(%)	3.24	0.95	0.75
ROCE	(%)	29.72	13.76	28.52
Total Debt/Tangible Net Worth	Times	0.06	0.62	1.03
PBDIT/Interest	Times	6.95	2.06	1.89
Total Debt/PBDIT	Times	0.22	2.81	3.48
Gross Current Assets (Days)	Days	141	139	117

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Apr-2018	Cash Credit	Long Term	2.00	ACUITE BBB / Stable (Assigned)
	Letter of Credit	Short Term	84.41	ACUITE A3+ (Assigned)
	Proposed Letter of Credit	Short Term	1.69	ACUITE A3+ (Assigned)

***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	2.00	ACUITE BBB (Withdrawn)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	84.41	ACUITE A3+ (Withdrawn)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.69	ACUITE A3+ (Withdrawn)

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Manmיתה Sodhi Analyst - Rating Operations Tel: 022-49294024 manmיתה.sodhi@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although

reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.