



Press Release
ORIC ORGANIC CHEMICALS PRIVATE LIMITED
October 17, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	64.00	ACUITE B+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	64.00	-	-

Rating Rationale

ACUITE has assigned its long term rating of "**ACUITE B+**" (read as **ACUITE B plus**) on the bank facilities of Rs.64.00 Crore of Oric Organic Chemicals Private Limited (OOCPL). The outlook is '**Stable**'.

Rationale for rating

The rating assigned reflects the experience of management in the manufacturing segment through parent company which is Eskay dyestuff and organic chemicals private limited and the project is associated with locational advantage. Acuite expects the support from promoters to continue in near to medium term. However, the rating is constrained by the nascent stage of project for establishing a manufacturing unit for disulphuric acid. Further, project is also exposed to execution risk.

About the Company

Mumbai based, Oric Organic Chemicals Private Limited was Incorporated in the year 2019. The company is engaged in the Manufacture of Chemicals and Chemical products ((including antiknock preparations, anti-freeze preparations, liquids for hydraulic transmission, composite diagnostic or laboratory reagents, writing or drawing ink, chemical substance used in manufacturing of pesticides and other chemical products). The directors of the company are Mr. Shavak Keki Bhungara, Mrs. Meher Shavak Bhungara, Ms. Rhea Shavak Bhungara and Mr. Rishad Bhungara Shavak.

Standalone (Unsupported) Rating

None

Analytical Approach

Acuite has taken the standalone view on the business and financial risk profile of Oric Organic Chemicals Private Limited.

Key Rating Drivers

Strengths

Experienced management and locational advantage

Oric Organic Chemicals Private Limited is a mumbai based company established by Mr. Shavak Keki Bhungara, Mrs. Meher Shavak Bhungara, Ms. Rhea Shavak Bhungara and Mr. Rishad Bhungara Shavak. The company will be managed by the promoters of the company who have an experience in the industry in the same region which would benefit the ongoing

project execution. Their experience would help the company to flourish. Further, the company will also enjoy the locational advantage as proposed manufacturing unit is a part of the Delhi-Mumbai Industrial Corridor project (DMIC), which is planned for developing an industrial

zone across six states between Delhi and Mumbai unit is 15 Km from Aurangabad Airport. It will give company a strength to access clients comfortably. Acuite believes that OOCPL will continue to benefit over medium term with experience of its promoters.

Weaknesses

Nascent stage of project

The company was incorporated in 2019, and the proposed project is in its nascent stage. As company proposed to construct manufacturing unit of Disulphuric acid with a total area of 20562 Sqft is a part of Delhi-Mumbai Industrial Corridor Project. Currently, 40% of the project has been completed and rest are yet to be done and the company's expected commercial date of operation is February 2024. Acuite believes that the timely completion of project without any time and cost overrun is a key rating sensitivity.

Execution risk

The total cost of the project is Rs.89.27 Crore out of which Rs.52.73 Crore funds have been raised as on date and rest funds are yet to be raised. The loans have been sanctioned under consortium of SBI and HDFC bank. However, the company is highly exposed to execution risk and timely completion of the project.

Rating Sensitivities

- Timely completion of the project without any cost and time overrun.

All Covenants

None.

Liquidity Position

Adequate

The liquidity profile of the company is adequate as loans are tied up. The term loan for the project funded by consortium of SBI and HDFC bank, with SBI funding of Rs.43.15 Crore and HDFC bank funding of Rs.18.45 Crore. Its already sanctioned and disbursement have been started.

Outlook: Stable

Acuite believes that company will maintain a 'Stable' outlook and will continue to derive benefit over the medium term due to experience of promoters and locational advantage. The outlook may be revised to 'Positive', if the firm is able to timely commence its operation without any cost and time overrun. Conversely, the outlook may be revised to 'Negative' if there are delay in debt tie-up resulting in time and cost overruns delaying the commencement of operations.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.32)	(0.29)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	3.30	0.56
PBDIT/Interest	Times	(1.99)	(0.11)

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.40	ACUITE B+ Stable Assigned
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	18.45	ACUITE B+ Stable Assigned
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	43.15	ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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