

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 31.16 Cr of Accent Microcell Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities by SIDBI and Bank Of Baroda for Accent Microcell Private Limited.

Proposed Facility	Tenure	Amount (₹ Cr)	Rating
<b>Fund Based</b> Term Loan Sub Debt Working Capital PC cum FBP/FBD	Long Term	<b>13.26</b> <b>1.90</b> <b>2.00</b> <b>4.50</b>	<b>BWR BB-</b> (BWR Double B Minus)  <b>Outlook: Stable</b>
<b>Non Fund Based</b> Bank Guarantee	Short Term	<b>9.50</b>	<b>BWR A4</b> (BWR A Four)
<b>Total</b>		<b>31.16 (INR Thirty One Crores and Sixteen Lakhs only)</b>	

BWR has principally relied upon the audited financial results of FY13 and projections from FY14 and FY15, of *Accent Microcell Private Limited*, publicly available information and information/clarification provided by the management.

The rating has factored, inter alia, promoter's vast experience in the same line of business and long established relationship with clients and suppliers. However the rating is constrained by decline in operating profit margins, no long term contracts and stretched liquidity due to high days of receivables and inventories.

#### Background:

Accent Microcell Private Limited (AMPL) was incorporated in 2012 under the leadership of Mr. Ghanshyam A. Patel and Mr. Vasant Patel. AMPL is an ISO, Halal, Kosher, GMP certified company. Its corporate office and manufacturing unit is located in Pirana near Ahmadabad, with a build-up area of 3900 Sq. Mtrs. and a team of 85 employees.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management Profile:

Mr. Ghanshyam A. Patel is a B. Com and has a professional experience of 15 years in the same line of business. He handles the sales activities of the company. Mr. Vasant Patel is B. E. Chem. And has a professional experience of 15 years in the same line of business and handles purchase and finance of the company.

### Business Operations:

AMPL is the leading manufacturer and exporters of Micro-crystalline Cellulose and Cellulose derivatives in Ahmadabad, Gujarat, India. Also has FDA certificate approved by Gujarat Government.

### Financial Performance:

As per the audited results of FY13, MIPL has reported PAT of ` 0.29 Crs on a total operating income of ` 15.54 Crs. The net profit margins has declined from 8.08 % in FY12 to 7.03 % in FY13. The tangible net worth of the company stood at ` 4.43 Crs in FY13. The Interest Service Coverage ratio and Debt Service Coverage ratio for FY13 is 2.00 and 1.78 respectively. Days payable and Days receivable stood at 100 and 83 days respectively for FY13.

### Rating Outlook

Ratings have factored in AMPL's expansion plan of its new unit in Dahej. However, the ratings are constrained by low entry barriers and low net worth of the promoters. The company's ability to commence commercial production in the Dahej Unit on time, improve its margin levels and infuse more funds for future growth would be key rating sensitivities.

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