

## Rating Rationale

### Brickwork Ratings assigns 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 11.00 Cr of Adorn Speciality Polymers Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating**<sup>1</sup> for Bank Loan Facilities of Adorn Speciality Polymers Pvt. Ltd (*ASPPL or the company*).

Facility	Limits (₹ Cr)	Tenure	Rating
<b>EPC/PCFC</b> (Fund Based)	<b>2.00</b>	Short Term	<b>BWR A4+</b>  (BWR A Four Plus)
<b>FBP/FBD</b> (DP/DA -120 days) (Fund Based)	<b>9.00</b>		
<b>FBP/FBD</b> (without bill of exchange) (Fund Based)	<b>(2.00)</b>		
<b>LC</b> (Sublimit of FBWC) (Non-Fund Based)	<b>(2.00)</b>		
<b>Buyers Credit</b> (Non-Fund Based Limit)	<b>(2.00)</b>		
<b>Total</b>	<b>11.00</b>	<b>(INR Eleven Crores only)</b>	

BWR has principally relied upon the audited financial results upto FY13, publicly available information and information/clarifications provided by the Company's management.

The rating assigned to the bank facilities of *Adorn Speciality Polymers Pvt. Ltd* factors primarily the competent and qualified promoter in leather dye industry, well established & geographically diversified clientele, strong group support, strong revenue growth for FY13, moderate cash conversion cycle, Corporate Guarantee from Asiatic Color Chem Ind Ltd (which was rated BWR BBB-/BWR A3) and locational advantage as the company is situated in Chemical belt of Ahmedabad. However, the rating is constrained by volatile raw material prices linked to crude oil prices, high gearing levels due to increased working capital borrowings, foreign currency price risk and low tangible network.

#### Background:

*Adorn Speciality Polymers Pvt. Ltd* was incorporated in the year 2003. The directors of the company are Mr. Vibhor Agrawal and Ms. Sanchi Agrawal. The company is mainly involved in trading & manufacturing of leather dye stuffs. The company's manufacturing unit and corporate office are located in Ahmedabad.

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

The company has associated concerns Asiatic Colour Chem Industries Limited, Orio Shanghai Colours Pvt. Ltd and Asiatic Composite Limited which are also operating in the same industry.

The installed Capacity of the company is 30 metric ton per month out of which the utilization capacity is 22 metric ton per month. The company mainly exports to countries such as Argentina, Greece, Islands, Italy, Mexico, Netherland, Pakistan, Russia, Singapore, Germany, Switzerland, Spain etc. The company has various machines for dye stuff manufacturing such as Vessels, Filter machine, Drier machine, Bowl mills etc. The top customers of the company include Rich & Colour, Euro Color Spa, Tickem Spa and Colourties Industrialist, Spain. During FY13 exports comprised nearly 63.88% of its total turnover.

### Financial Performance:

The Company's revenue from operations has increased by 132.80% from Rs. 27.33 Crs in FY12 to Rs. 63.39 Crs in FY13. The profit margins have increased from 0.28% in FY12 to 0.32% in FY13. Debt equity ratio is high at 2.82 times as on 31.3.2013. The tangible net worth of the company is low at Rs. 3.51 Crs as on 31.3.2013. The trade receivable for more than 6 months is Rs. 0.97 Crs in FY13, which has increased from Rs 0.29 Crs in FY12.

As per provisional figures the company has achieved turnover of Rs. 111.03 Crs (Domestic Sales of Rs. 28.78 Crs & Export Sales of Rs. 82.24 Crs) for the period 1<sup>st</sup> April 2013 till 28<sup>th</sup> Feb 2014. The company has an order book position of Rs. 26.69 crs as on 22<sup>nd</sup> March 2014.

### Rating Outlook:

Going forward, improve profitability margins, increasing tangible network, managing volatile raw material cost and managing the foreign currency price risk, would be the key rating sensitivities.

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