



Rating Rationale

Ami Riddhi Chem Pvt Ltd

26 Sep 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 12.58 Crores of Ami Riddhi Chem Pvt Ltd.(ARCPL)

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous (July, 2017)	Present
Fund Based (FB)					
Cash Credit	11.00	12.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable)	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable) (Reaffirmed)
ILC/FLC	1.50	–			
Non Fund Based (NFB)					
ILC/FLC (Sublimit of Cash Credit)	–	₹(1.50)	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) (Reaffirmed)
Buyers Credit (Sublimit of Cash Credit)	₹(1.50)	₹(1.50)			
Bank Guarantee (Sublimit of Cash Credit)	₹(0.50)	₹(0.50)			
Forward Contract	0.08	0.08			
Total Limits	12.58	12.58	(INR Twelve Crores and Fifty Eight Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
ARCPL has not submitted audited financials even as at 21.9.2018



Ratings: Reaffirmed

BWR has principally relied upon the audited financials up to FY17, **management certified provisional financials of FY18**, projections upto FY19 and publicly available information and information/clarifications provided by the management.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating continues to draw strength from promoters experience in the chemical industry, established relationship with customers and suppliers and marginal increase in revenue. However, the rating continue to be constrained by small scale of operations with high gearing, low net worth, negative interest coverage indicator, reduced net profit margin, not achieving projected FY18 data, Gap risk and susceptibility of profit margins to volatility in raw material prices. **(Based on provisionals of FY 18)**

Description of Key Rating Drivers

Credit Strengths:

One of the promoters has 28 years of experience, Diversified customers with about 10 years of relationship and diversified product like Ethylhexyl Acrylate, Hydroxy Benzaldehyde, Acetic Acid (Glacial), Acetone, Acetonitrile, Acrylamide,. Revenue is increased from rs 82.16 Crs in FY17 to Rs 86.08 Crs in FY18 **(Based on provisionals of FY 18)**

Credit Risks:

Gearing with outside liability is at 4.12X in FY18, Net worth is Rs 5.49 Crs as at 31.3.2018, interest coverage indicator is 0.96X in FY18, net profit margin is reduced from 0.43% in FY17 to 0.38% in FY18, gap risk arising between provisional and audited financials data of FY 18, Provisional FY18 data evidences not achieving the projected FY18 data **(Based on provisionals of FY 18)**

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Ami Riddhi Chem Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Ami Riddhi Chem Pvt Ltd (ARCPL) was incorporated on 19th December 2007 as a private limited company. The company is headed by two Directors Mr.Vijay Sheth and Mrs.Bhavana Sheth. ARCPL is engaged in business of chemical trading. 15%-20% of raw material purchase is through imports and reportedly the import purchases in FY 18 have been hedged against foreign currency price risk

Company Financial Performance

As per provisional financials of FY18, the company reported a net revenue of Rs.86.08 crs as against Rs.82.14 crs in FY17. Tangible net worth stood at Rs.5.49 crs in FY18. Net profit margins reported at 0.28% in FY17 and 0.38% in FY18 **(All financial data of FY18 is provisional)**

Rating History for the last three years

Si No	Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	17.7.2017	2016	2015
1	Fund Based	Long Term	12.50	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable) (Reaffirmed)	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable)	Not Rated	Not Rate
2	Non Fund Based	Short Term	0.08	BWR A4 (Pronounced as BWR A Four) (Reaffirmed)	BWR A4 (Pronounced as BWR A Four)	Not Rated	Not Rated
	Total Limits		12.58	(INR Twelve Crores and Fifty Eight Lakhs Only)			



Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Provisional
Revenue	Rs. Crs	82.14	86.08
EBITDA	Rs. Crs	2.11	1.74
PAT	Rs. Crs	0.23	0.32
Tangible Net worth	Rs. Crs	5.16	5.49
Total Debt/Tangible Net worth	Times	3.28	2.94
Current Ratio	Times	1.43	1.40

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.