

## Rating Rationale

Ami Riddhi Chem Pvt Ltd

17<sup>th</sup> July 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.12.58 crs of Ami Riddhi Chem Pvt Ltd (“ARCPL” or “the company”)**

### Particulars

Bank Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b><u>Fund Based</u></b>			
Cash Credit	11.00	Long Term	<b>BWR BB-</b> (Pronounced as BWR Double B minus) <b>Outlook: Stable</b>
ILC/FLC	1.50		
<b><u>Non-Fund Based</u></b>			
Sub Limit_Buyer's Credit	(1.50)	Short Term	<b>BWR A4</b> (Pronounced as BWR A Four)
Sub Limit_Bank Guarantee	(0.50)		
Forward Contract	0.08		
<b>Total</b>	<b>Rs. 12.58 Crores (Rupees Twelve Crores and Fifty Eight Lakhs Only)</b>		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY16, provisional financials for FY17, Projections upto FY18 and publicly available information and information/clarifications provided by the management.

The rating has factored, inter alia, the promoters' experience in the chemical industry, diversified and reputed customer base, diversified product portfolio and growing scale of operations. The rating however, continues to be constrained on account of its very low profit margins inherent to trading operations, high concentration in pharmaceutical market, low tangible networth, susceptibility of profit margins to volatility in raw material prices and foreign exchange fluctuation risk.

Going forward, the ability of the company to scale up its operations and sustain profit margins, tangible net worth and management of working capital in the chemical industry.

### Rating Outlook: Stable

BWR believes the **Ami Riddhi Chem Pvt Ltd's** 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 19<sup>th</sup> 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 the business of Chemical trading.

### Financial Performance

As per audited financial statement of FY16, total operating income has been increased by 4.49% and PAT has been decreased by 5% compared to FY15.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
	Cash Credit	Long Term	11.00	<b>BWR BB-</b> (Pronounced as BWR Double B minus) Outlook: Stable	-	-	-
	ILC/FLC		1.50		-	-	-
	Sub Limit_Buyer's Credit	Short Term	(1.50)	<b>BWR A4</b> (Pronounced as BWR A Four)	-	-	-
	Sub Limit_Bank Guarantee		(0.50)		-	-	-
	Forward Contract		0.08		-	-	-

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

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 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.