

Rating Report

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**¹ for Bank Loan Facilities of Adorn Speciality Polymers Pvt. Ltd (*ASPPL or the company*).

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

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.

¹ Please refer to 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.

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 1st April 2013 till 28th Feb 2014. The company has an order book position of Rs. 26.69 crs as on 22nd 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.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.

ANNEXURE -I			
ADORN SPECIALITY POLYMERS PVT. LTD			
PROFIT & LOSS STATEMENT			
Crores	FY 11	FY 12	FY 13
Result Type	Audited	Audited	Audited
Gross Sales	16.57	27.33	63.39
Net Sales	16.57	27.33	63.39
Other Operating Income	0.06	0.02	0.28
Total Operating Income	16.63	27.35	63.67
Operating Expenses	16.15	26.45	62.35
OPBDIT	0.48	0.90	1.32
Depreciation	0.03	0.03	0.06
OPBIT	0.45	0.87	1.25
Interest and Finance Charges	0.38	0.76	1.04
OPBT	0.07	0.11	0.22
Non-Operating Income(Expenses)	0.01	0.02	0.02
PBT	0.08	0.12	0.24
Provision for Taxes	0.03	0.05	0.03
PAT	0.05	0.08	0.20

ANNEXURE -II			
ADORN SPECIALITY POLYMERS PVT. LTD			
BALANCS SHEET			
Crores	FY 11	FY 12	FY 13
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	1.11	1.19	3.64
Share capital	0.33	0.33	0.70
Share Application money Pending allotment	0.00	0.00	0.75
Reserves and Surplus	0.79	0.86	2.19
Non-current liabilities	0.88	2.91	2.21
Long-Term Borrowings	0.87	2.89	2.17
Deferred tax Liabilities (Net)	0.01	0.02	0.04
Current liabilities	6.92	14.64	10.39
Short-Term Borrowings	3.00	6.00	7.71
Current Portion Of Long Term Debt	0.00	0.03	0.03
Trade Payables	3.81	8.47	2.51
Short-Term Provisions	0.11	0.14	0.13
Total Liabilities	8.91	18.74	16.24
ASSETS			
Non-current assets	0.29	0.26	1.25
Net Fixed assets	0.27	0.24	1.10
Other Non-Current Assets	0.02	0.02	0.02
Miscellaneous Expenditure	0.00	0.00	0.13
Current assets	8.62	18.49	14.98
Inventories	1.71	1.03	1.93
Trade Receivables > Six Months	0.11	0.29	0.97
Trade Receivables < Six Months	3.74	8.46	9.57
Cash and Cash Equivalents	0.28	0.40	1.93
Short-Term Loans and Advances	2.74	8.15	0.33
Other Current Assets	0.04	0.15	0.26
Total Assets	8.91	18.74	16.24