

December 17, 2015

CARE ASSIGNS 'CARE BBB+' AND 'CARE A2+' RATING TO THE BANK FACILITIES OF TRANSWORLD FURTICHEM PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Fund-based)- CC Limit	35	CARE BBB+ [Triple B Plus]	Assigned
Long-term Bank Facilities (Fund-based) – Term Loan	27	CARE BBB+ [Triple B Plus]	Assigned
Short-term Bank Facilities (Non-fund-based)	121	CARE A2+ [A Two Plus]	Assigned
Long-term Bank Facilities (Fund-based) / Short-term Bank Facilities (Non-fund-based)	17	CARE BBB+ / CARE A2+ [Triple B Plus] / [A Two Plus]	Assigned
Total Facilities	200 (Rupees Two Hundred crore only)		

Rating Rationale

For arriving at the ratings, CARE has combined the business and financial risk profiles of Trans Agro India Private Limited (TAIPL) and Trans world Furtichem Private Limited (TFPL) as the two entities have a similar line of business and are held by the same promoter, Dhanani group, through Blue Deebaj Chemical LLC and operations are supported by the group company- Blue Deebaj F Z Co. (BDFZCO). TAIPL and TFPL on combined basis are referred as Trans group in the rationale discussed below.

The ratings derive strength from the extensive experience of the promoters of the Dhanani Group in the field of manufacturing and export of fertilizers and chemical-based industries, continuous financial support from the promoters, marketing & operational support from established group company providing access to global distribution network. The rating is further strengthened from Trans group's robust financial performance during FY15 (refers to the period April 1 to March 31) and H1FY16 (refers to the period April 1 to September 30) along with a geographically diversified revenue profile, healthy margins, moderate capital structure and debt coverage indicators.

However, the ratings continues to be constrained by the group's working capital intensive nature of operations, vulnerability of its revenues to agro climatic risks and prices of fertilizers and challenges of operating in a highly regulated fertilizer industry.

The ability of the group to maintain the revenue growth and profit margins while improving the capital structure and managing the working capital efficiently are the key rating sensitivities.

Background

Incorporated in 2005, Transworld Furtichem Private Limited (TFPL) was co-founded by Dubai-based Blue Deebaj Chemical LLC (BDCL) (48.87%) and India-based Sana Hospitality Services (28%), which are owned by the Dhanani group. Apart from TFPL, the Dhanani group has investments in Trans Agro India Private Limited (TAIPL) (47.49%) and Barbeque Nation Hospitality Limited (BNHL) (12.85%).

TFPL is a government recognised Star Trading House into manufacturing and export of wide range of fertilizers comprising granulated fertilizers such as Nitrogen-phosphorous-potassium (NPK) mixture fertilizers, Potassium Sulphate (a Potassic Fertilizer) and other products such as sulphuric acid oleum with state of art production facility. The company is having three manufacturing facilities in India at Kandla (NPK), Roha (manufacture of NPK and SOP) and Mangalore (Rock phosphate grinding unit). It has total installed capacity of ~150,000 metric tonnes per annum for manufacturing of NPK mixture fertilizer and 49,500 mtpa of potassium sulphate (SOP).

TAIPL is predominantly into trading of fertilizers and operates through three verticals viz. Water Soluble Fertilizers (such as Mono Ammonium Phosphate, Mono Potassium Phosphate, NPK, Potassium Nitrate, Calcium Nitrate, and urea), Straight fertilizers (such as Sulphate of Potash, Di Ammonium Phosphate, Muriate of Phosphate and Rock Phosphate) and Industrial Use Fertilizers such as Technical Grade Urea and Ammonium Sulphate.

In FY15, the group reported total income of Rs.852.21 crore (Rs.473.70 crore in FY14), PBT of Rs.28.62 crore (Rs.24.13 crore in FY14) and a PAT of Rs.16.51 crore (Rs.21.97 crore in FY14). Furthermore, on a standalone basis in FY15, TFPL reported a total income of Rs.449.23 crore (Rs.391.63 crore in FY14), PBT of Rs.24.20 (Rs.22.51 crore in FY14) and a PAT of Rs.13.70 crore (Rs.21.13 crore in FY14).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691