APRIL 17, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF AMINES AND PLASTICIZERS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities (Term Loan)	4.80	CARE BBB- (Triple B Minus)	Revised from CARE BB+ (Double BB Plus)
Long-term Bank Facilities (Fund-based)	57.00	CARE BBB- (Triple B Minus)	Revised from CARE BB+ (Double BB Plus)
Short-term Bank Facilities (Non-fund-based)	21.00	CARE A3 (A Three)	Revised from CARE A4+ (A Four Plus)
Total Facilities	**82.80**		

Rating Rationale

The ratings of Amines and Plasticizers Ltd (APL) have been revised on account of improved capital structure and debt coverage indicators along with increased scale of operation. Furthermore, the ratings are strengthened by established track record of the promoters and technical expertise and moderately high entry barriers in the industry in addition to the company's diversified product portfolio and low supplier and customer concentration risk.

However, the rating is constrained due to thin profitability margins leading to low internal cash generation and foreign exchange fluctuation risk. The rating is also constrained by working capital intensive nature of operations with relatively high inventory days.

The ability of the company to improve its profitability margins amidst volatility in raw material prices and decline in global demand for any of its top products constitute the key rating sensitivities.

Background

Amines and Plasticizers Ltd (APL) was incorporated in 1973 and is one of the largest producers of Ethanolamines, Alkyl Alkanolamines, Plasticizers, Morpholine, Alkyl Morpholines and Gas Treating Solvents in India. APL is global supplier of inorganic and speciality chemicals used in varied industries like Oil Refineries, Natural Gas Plants, Ammonia Plants, Petrochemical Plants, Pharmaceuticals, Textiles and Agrochemicals.

In Ethanolamines and Alkyl Alkanolamines segments, APL meets significant demand of the Indian market and also exports its products globally including North America, Europe, Far-East, Asia Pacific and Middle East. The company is also a prominent manufacturer of the Methyl Diethanolamine (MDEA), an Ethylene Oxide derivative used in oil refineries as sour gas sweetening solvent.

The company has manufacturing plants in Turbhe (New Mumbai) and Vadval (Raigad) both in the state of Maharashtra.

APL reported a PAT of Rs.5.04 crore on a total operating income of Rs.243.22 crore in FY14 (refers to the period April 1 to March 31).

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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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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