OCTOBER 06, 2015

CARE REAFFIRMS 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)	4.70 (reduced from Rs.4.8 crore)	CARE BBB- (Triple B Minus)	Reaffirmed
Long-term Bank Facilities (Fund-based)	57.00	CARE BBB- (Triple B Minus)	Reaffirmed
Short-Term Bank Facilities (Non-fund-based)	21.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	**82.70 (Rs. Eighty two crore and seventy lakh only)**		

Rating Rationale

The ratings assigned to the bank facilities of Amines and Plasticizers Ltd (APL) continue to derive strength from established track record of the promoters in addition to diverse product portfolio supported by well-equipped R&D facility and low customer concentration risk. Furthermore, the ratings take into account consistent growth in revenues with stable margins along with moderate capital structure and debt coverage indicators.

However, the rating strengths are constrained by foreign exchange fluctuation risk and 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 key rating sensitivities.

Background

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 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.

During FY15 (refers to the period April 1 to March 31), APL reported a PAT of Rs.7.69 crore on a total operating income of Rs.301.04 crore in.

[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**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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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