April 15, 2014

CARE ASSIGNS CARE BB+/A4+ RATINGS TO THE BANK FACILITIES OF AMINES AND PLASTICIZERS LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities (Term Loan)	7.14	CARE BB+ [Double B Plus]	Assigned
Long term Bank Facilities (Fund Based)	57.00	CARE BB+ [Double B Plus]	Assigned
Short term Bank Facilities (Non-Fund Based)	21.00	CARE A4+ [A Four Plus]	Assigned
Total Facilities	**85.14**		

Rating Rationale

The rating assigned to the bank facilities of Amines and Plasticizers Ltd (APL) is constrained by average financial risk profile reflected by its moderate debt protection metrics. The rating is further strained 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.

However, the rating is strengthened by established track record of promoters and technical expertise and moderately high entry barriers in the industry. In addition, the company's diversified product portfolio and low supplier and customer concentration risk are other credit positives.

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

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) & Vadval (Raigad) both in the state of Maharashtra.

In FY13, the company reported a PAT of Rs 3.11 crore (compared to Rs 3.07 crore in FY12) on a total income of Rs 192.35 crore (Rs 188.79 crore in FY12). Moreover, in 9MFY14 (unaudited), the

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

company has reported PAT of Rs 4.38 crore (Rs 2.34 crore in 9MFY13) on a total income of Rs 172.58 crore (Rs 145.81 crore in 9MFY13).

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