AUGUST 27, 2014

CARE ASSIGNS 'CARE BB-'AND 'CARE A4' RATINGS TO BANK FACILITIES OF GEM AROMATICS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	13	CARE BB- [Double B Minus]	Assigned
Short-term Bank Facilities	5	CARE A4	Assigned
Total Facilities	**18**		

Rating Rationale

The ratings assigned to the bank facilities of Gem Aromatics Private Limited (GAPL) are constrained by the relatively modest scale of operations, low capitalization and working capital intensive nature of operations leading to leveraged capital structure and stressed debt coverage indicators. The ratings are further constrained by presence in the highly fragmented and competitive fragrance-industry leading to stiff competition and foreign exchange fluctuation risk.

These factors far offset the benefits derived from the long track record of operations, experienced management and established relations with reputed clients.

Ability of GAPL to grow its scale of operations and profitability amidst increasing competition and effectively manage its working capital cycle are the key rating sensitivities.

Background

Gem Aromatics Private Limited (GAPL), incorporated in 1997 by Mr Vipul Parekh and his family members, is engaged in the manufacturing of Essential oils and Aroma chemicals. The Parekh family has a long track record of almost a century (since 1915) for its business establishment as a trader of above mentioned products. GAPL primarily manufactures mint, eugenol, clove, eucalyptus, spearmint and basil oil which finds application in the FMCG and pharmaceutical industry. GAPL has its manufacturing plant located at Silvassa having an installed capacity of 900 Metric Ton Per Annum (utilized at average 68% in FY14 (refers to the period April 01 to March 31).GAPL imports majority of the raw materials from China and Indonesia (accounting for around 68% of the total purchases in FY14). Furthermore revenue is also generated majorly from the export market (accounting for around 60% of the total sales in FY14).

As per the provisional results for FY14 GAPL has reported a total income of Rs.71.17 crore (vis-à-vis Rs.57.29 crore in FY13) and PAT of Rs.0.93 crore (vis-à-vis Rs.0.73 crore in FY13). Furthermore in Q1FY15 GAPL posted a total income of Rs.13.31 crore.

Analyst Contact

Name: Nitesh Dhoot
Tel: 022- 6754 3442
Email: nitesh.dhoot@careratings.com

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

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.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra
Managing Director
Mobile: +91-98204 16002
E-mail: dr.dogra@carerating.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile: +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@carerating.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:
503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rahul Jain
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 93149 21496
Tel: +91-141-402 0213 / 14
E-mail: rahul.jain@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

CIN - L67190MH1993PLC071691