OCTOBER 21, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF STYROLUTION ABS (INDIA) LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	17.40	**CARE AA+ (Double A Plus)**	**Reaffirmed**
Long-term/Short-term Bank Facilities	190.50	**CARE AA+/ CARE A1+ (Double A Plus/ A One Plus)**	**Reaffirmed**
Total	**207.90 (Rs. Two hundred seven crore and ninety lacs only)**		

Rating Rationale

The ratings continue to draw comfort from long and established track record of Styrolution ABS (India) Limited (SABS) with leadership position in the Indian Acrylonitrile Butadiene Styrene (ABS) and Styrene Acrylonitrile Copolymer (SAN) markets, well diversified clientele and sustained demand from user industries especially two wheeler automobile and consumer durable industries. The ratings also take into account the leading position of the promoter groups of SABS in the styrene based polymers globally, state of the art manufacturing facilities operating at comfortable level, completion of capacity expansion of SAN & ABS, established arrangement for procurement of key raw materials and comfortable capital structure. The above ratings also take cognizance of ongoing amalgamation process of Styrolution India Pvt. Ltd. (SIPL) with SABS.

The long term rating, however, continue to be constrained by the susceptibility of its profitability to volatile raw material prices which are derivatives of crude oil, foreign currency exchange rate fluctuations associated with imported raw materials and threat of imports from South East Asian countries.

SBAS's ability to improve its profitability on a consolidated level in the light of volatility in its raw material prices and foreign exchange rate fluctuations while maintaining its comfortable capital structure shall be key rating sensitivities. Any large sized debt funded capex shall also be key rating sensitivity.

Background

Styrolution ABS (India) Ltd. (SABS), the Gujarat-based Acrylonitrile Butadiene Styrene (ABS) and Styrene Acrylonitrile (SAN) manufacturer was originally incorporated as 'ABS Plastics Ltd' on December 7, 1973. Subsequently, there had been several changes of hands of ownership of the company by international chemical groups. Currently, Styrolution South East Asia Pte Ltd. (SSEAPL), Singapore is holding company of SABS having 75% equity stake in SABS. Initially, SSEAPL was Joint Venture (JV) (50:50) between UK based Ineos group and Germany based BASF group. However, in November, 2014, Ineos group acquired the stake of BASF in SSEAPL. SABS has an installed capacity of 110,000 MTPA of ABS and 100,000 MTPA of SAN as on March 31, 2015.

During last 15 months ended March 31, 2015, SABS reported a total operating income of Rs.1464.07 crore [CY13 (CY refers to the period January 1 to December 31): Rs.1123.90 crore) with a PAT of Rs.35.02 crore (CY13: Rs.50.50 crore). As per provisional results for Q1FY16, SABS reported a total operating income of Rs.313.90 crore with a PAT of Rs.18.08 crore.

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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.

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

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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