

Shree Hari Chemicals Export Limited

November 20, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term Bank Facilities	-	-	Withdrawn
Short term Bank Facilities	-	-	Withdrawn
Total Facilities	-		

Details of instruments/facilities in Annexure-1

Detailed Rationale

CARE has withdrawn the outstanding ratings of 'CARE BB-; Stable/ CARE A4+ assigned to the bank facilities of Shree Hari Chemicals Export Limited with immediate effect. The above action has been taken at the request of Shree Hari Chemicals Export Limited and 'No dues certificate' received from the bank(s) that have extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Weaknesses

Declining and modest scale of operation: Total operating income of SHCEL has declined to Rs.51.97 crore in FY19 vis-à-vis Rs. 55.88 crore in FY18 due to sluggish market conditions and intense competition. Further, the company's total income declined by 52.47% on y-o-y basis to Rs.18.38 crore in H1FY20 (UA) vis-à-vis Rs. 38.67 crore in H1FY19 (UA).

Net losses incurred in FY19 and H1FY20: Company has reported operating loss of Rs. 1.28 crore in FY19 vis-à-vis operating loss of Rs. 8.42 crore in FY18. Further losses continued to PAT level, it reported net loss of Rs. 3.57 crore in FY19 in vis-à-vis net loss Rs. 8.76 crore in FY18. Further it reported net losses of Rs.3.49 crore in H1FY20 (UA) vis-à-vis net profit of Rs.0.39 crore in H1FY19 (UA).

Susceptibility of profitability to fluctuation in raw material price and exchange rates: The prices of H Acid prices have been volatile during past two years owing to external factors along with SHCELS's limited ability to completely pass on the cost to its customers which has affected profit margin.

Key Rating Strengths

Long track record of operation and experienced promoters: Mr K. L. Ramuka and Mr B. C. Agrawal have an experience of more than four & three decades respectively in the chemical (textile) manufacturing & trading industry. Since inception, the promoters have been actively involved in business and management of the overall activities of the company.

Comfortable capital structure: SHCEL's capital structure and debt coverage indicators continued to remain comfortable primarily on account of no reliance on bank debt to fund its business operation as on September 30, 2019.

Adequate liquidity position: The Company has comfortable liquidity position in the form of un-utilized working capital borrowings. However, the cash and balance of company declined to Rs. 11.75 crore as on September 30, 2019 vis-à-vis Rs. 14.92 crore as on March 31, 2019 mainly to fund the cash losses in FY19 and H1FY20. Nevertheless it continues to remain healthy.

Analytical Approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

Incorporated in 1987 by Mr. K. L. Ramuka and Mr. B. C. Agrawal, Shree Hari Chemicals Export Limited (SHCEL), is engaged in the business of manufacturing of H-acid, dye intermediate which finds application in the manufacture of dyes (cotton textile industry). SHCEL has its plant with an installed capacity of 3240 metric tonnes of H-acid per annum (utilized at around 90% as on March 31, 2016) with current 100% operational capacity (as per Maharashtra Pollution Control Board's consent order dated May 30, 2016, they have renewed the consent to operate the manufacturing activity at 100% capacity) at Mahad, Maharashtra.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)	H1FY20 (UA)
Total operating income	55.88	51.97	45.63
PBILDT	-8.42	-1.28	0.68
PAT	-8.76	-3.57	-1.89
Overall gearing (times)	0.00	0.00	0.00
Interest coverage (times)	NEG	NEG	13.60

A: Audited, UA: Unaudited, NEG: Negative

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantees	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Forward Contract	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB-; Stable (20-Mar-19)	1)CARE BB-; Stable (27-Feb-18) 2)CARE BB; Stable (01-Dec-17) 3)CARE BB+; Negative (26-Apr-17)	-
2.	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4+ (20-Mar-19)	1)CARE A4+ (27-Feb-18) 2)CARE A4+ (01-Dec-17) 3)CARE A4+ (26-Apr-17)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	-	-	-	1)CARE A4+ (20-Mar-19)	1)CARE A4+ (27-Feb-18) 2)CARE A4+ (01-Dec-17) 3)CARE A4+ (26-Apr-17)	-
4.	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)CARE A4+ (20-Mar-19)	1)CARE A4+ (27-Feb-18) 2)CARE A4+ (01-Dec-17) 3)CARE A4+ (26-Apr-17)	-

Note on complexity levels of the rated instrument: 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.

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About CARE Ratings:

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