

December 06, 2023

Aether Industries Limited: Placed on rating watch with negative implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term fund-based – Cash credit	48.00	48.00	[ICRA]A+; placed on rating watch with negative implications
Long term/Short term – Fund-based/Non-fund based – Other	55.00	55.00	[ICRA]A+; placed on rating watch with negative implication/[ICRA]A1; placed on rating watch with negative implications
Short-term non-fund based – Letter of credit	29.80	29.80	[ICRA]A1; placed on rating watch with negative implications
Total	132.80	132.80	

Rationale

On November 29, 2023, Aether Industries Limited (AIL) informed the stock exchange about a fire incident at one of its facilities at Site 2 in Surat, Gujarat, causing damage to the plant and machinery, inventory and factory premises. The incident also resulted in eight casualties. While the extent of the damage to the plant and machinery and the inventory has not been estimated as of now, ICRA believes that the operations in the other two plants at Site 2 can begin shortly, moderating the impact of disruption. ICRA also notes that the facility was covered under insurance for fixed assets, inventory as well as loss of business.

The company is in the process of raising insurance claims pertaining to the loss. Any significant delay or major disallowance in the payout of the insurance claim will impact the company's liquidity profile and will remain a key rating sensitivity.

ICRA will continue to closely monitor the developments and will evaluate the impact on the business and financial profile of AIL once more clarity emerges.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities, key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Chemical Industry
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated. For arriving at the ratings, ICRA has combined the business and financial risk profiles of Aether Industries Limited (AIL) and its wholly-owned subsidiary, Aether Speciality Chemicals Limited, as the entities are owned and managed by the same promoters and are involved in related sectors

About the company

Aether Industries Limited is a speciality chemical manufacturer in India focused on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technological core competencies. The business was started in 2013 with a vision to create a niche in the global chemical industry and a creative approach towards chemistry, technology and systems that would lead to sustainable growth. In the first phase of the development through fiscal 2017, the company focused on building the team, infrastructure and the R&D centred around building the core competencies. The company's revenue generation commenced in the second phase of fiscal 2017. Aether is one of the fastest growing speciality chemical companies in India, growing at a CAGR of nearly 44% between fiscal 2018 and fiscal 2023.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years		
				Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Dec 06, 2023	Oct 04, 2023			
1 Cash credit	Long term	48.00	-	[ICRA]A+; rating watch with negative implications	[ICRA]A+ (Stable)	-	-	-
2 Fund based/ Non-fund based	Long term and short term	55.00	-	[ICRA]A+; rating watch with Negative Implications /[ICRA]A1; rating watch with negative implications	[ICRA]A+ (Stable) /[ICRA]A1	-	-	-
3 Letter of credit	Short term	29.80	-	[ICRA]A1; rating watch with negative implications	[ICRA]A1	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund-based – Cash credit	Simple
Long term/Short term – Fund-based/Non-fund based – Other	Simple
Short-term non-fund based – Letter of credit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	48.00	[ICRA]A+; Rating watch with Negative Implications
NA	Fund-based/Non-fund based	NA	NA	NA	55.00	[ICRA]A+; Rating watch with Negative Implications / [ICRA]A1; Rating watch with Negative Implications
NA	Letter of credit	NA	NA	NA	29.80	[ICRA]A1; Rating watch with Negative Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Aether Speciality Chemicals Limited	100%	Full Consolidation

ANALYST CONTACTS

Sabyasachi Majumdar
+91 145 4545 304
sabyasachi@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

Himani Sanghvi
+91 79 4027 1547
himani.sanghvi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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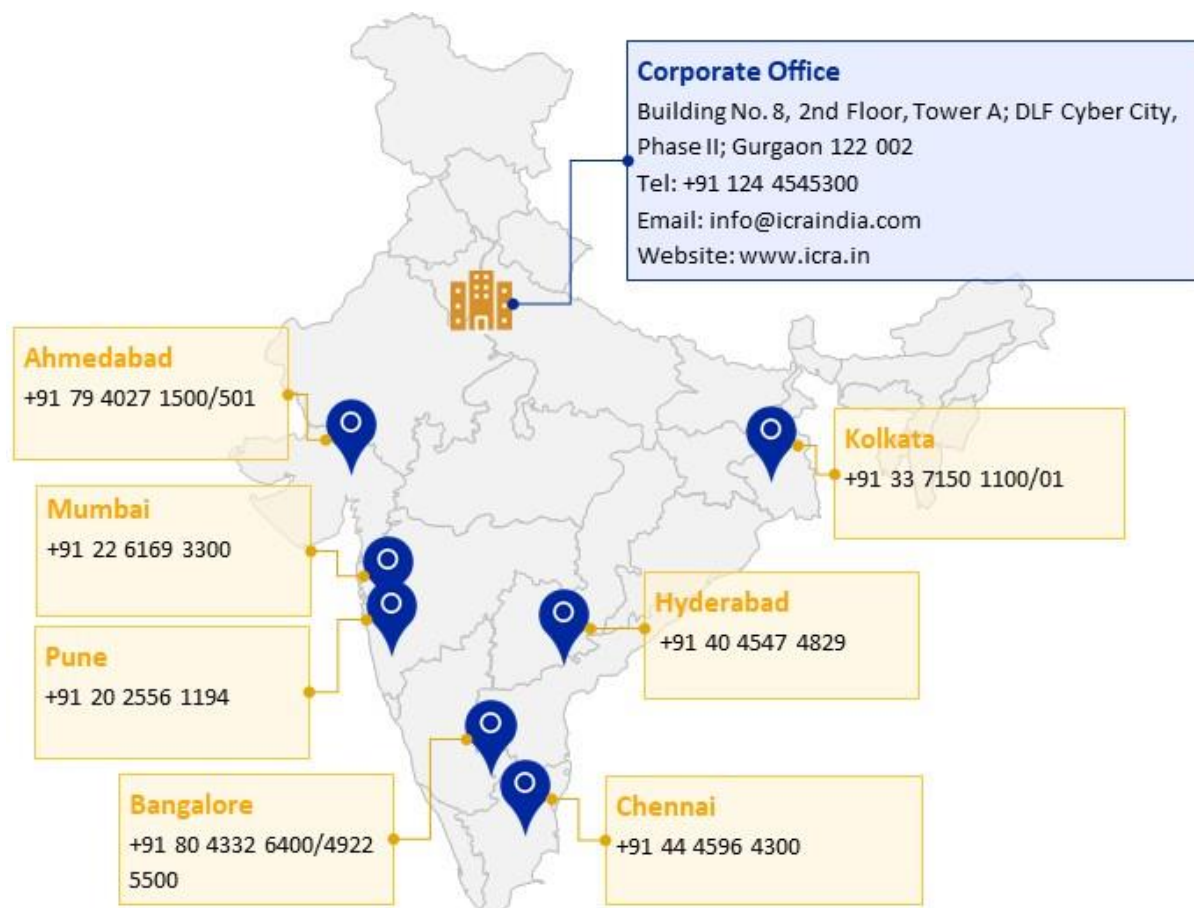


Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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