Shree Pushkar Chemicals and Fertilisers Limited

Instrument	Amount	Rating Action
Long Term Fund Based Limits	Rs. 43.50 Cr. (Reduced from Rs. 44.13 Cr.)	[ICRA]A (Stable) (upgraded from [ICRA]A- (Stable))
Term Loans	Rs. 0.02 Cr. (Reduced from Rs. 12.62 Cr.)	[ICRA]A (Stable) (upgraded from [ICRA]A- (Stable))
Short Term Non-Fund Based Limits	Rs. 36.82 Cr.	[ICRA]A1 (upgraded from [ICRA]A2+)

ICRA has upgraded the long term rating assigned to the Rs. 43.50 crores[1] (reduced from Rs. 44.13 crores) fund based limits and Rs. 0.02 crores (reduced from Rs. 12.62 crores) term loan facility of Shree Pushkar Chemicals and Fertilisers Limited (SPCFL)[2] to [ICRA]A (pronounced as ICRA A) from [ICRA]A- (pronounced as ICRA A minus). ICRA has also upgraded the short term rating assigned to the Rs. 36.82 crores short term non-fund based limits of SPCFL to [ICRA]A1 (pronounced as ICRA A one) from [ICRA]A2+ (pronounced as ICRA A two plus). The outlook on the long-term rating is 'Stable'.

The revision in the ratings is on account of the an improvement in the company's financial risk profile as evident from healthy return indicators, comfortable gearing levels and satisfactory liquidity profile as reflected by high cash balances & low working capital utilization. ICRA notes that the company is advantageously placed vis-a-vis its peers as it has a zero discharge unit and is cost-competitive due to fully integrated operations in dyes & dye-intermediate business segment and this in turn, is expected to enable the company to maintain its profitability. Further, the demand outlook remains favourable for dyes & chemical business as a result of stringent pollution control norms in key producing regions which continues to benefit the company.

The ratings continue to favourably factor the long track record of SPCFL in the business; favorable customer profile and locational advantage arising from proximity to raw material sources and end-user industries. ICRA also notes that the IPO proceeds are being utilized to fund its future capex plans which pertain to forward integration into manufacturing of reactive dyes. Further, the company is also venturing into production of SOP (Sulphate of Potash) and Calcium Chrolide, which is being funded through internal accruals. In ICRA's view, these projects should be beneficial to the company over the medium term due to integration benefits, besides diversifying the revenue base of the company; however, these projects could expose the company to the marketing risk, though the long experience of the promoters in this line of business mitigate the risk to a large extent.

The ratings are however constrained on account of vulnerability of the operating profitability to adverse fluctuations in the cost of raw materials, decline in import duty level; demand risks arising from end user industries as well as intense competitive pressures in the industry. Also, the ratings take into account the regulatory risk associated with the fertilizer business and further susceptibility of the profitability margins to volatile raw material prices and foreign exchange fluctuations.

While upgrading the rating, ICRA takes a note of the legal complaint filed by a customer of SPCFL with the Honourable High Court of Delhi, for permanent injunction restraining Abiss Textile Solutions Private Limited (Company started by two of the promoters of SDCFL), SPCFL and its promoters from allegedly using confidential and proprietary information of the customer for manufacturing, marketing and selling dye products and for other consequential relief. While the dispute between the promoter group company & the customer of SPCFL is sub-judice, the company's overall sales have not been impacted as the company has been able to get new customers, aided by its long track record in dyes business. Nonetheless, any material impact on the company's operations due to the above matter remains a key rating sensitivity.

Company Profile

Shree Pushkar Chemicals and Fertilisers Limited (SPCFL, formerly known as Shree Pushkar Petro products Limited) was incorporated in 1993 and was engaged in trading activities in dyes intermediates. The company

---

[1] 100 lakh = 1 crore = 10 million

[2] For complete rating definition, please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

set up its own manufacturing facility with a single product plant for Gamma Acid at MIDC, Lote Parshuram in Maharashtra in 1998-99 and over the years has expanded its activities into manufacturing of complimentary and allied products like K Acid, Vinyl Sulphone Ester, Acetanilide, Meta Uriedo Aniline, R Salt, Dicalcium phosphate, H-acid and Sulphuric acid and its derivatives, Single Super Phosphate (SSP) and Soil Conditioner (SC). The company has several plants at a single location to manufacture the various products with an installed capacity of 187436 tonnes per annum (TPA), which would be increased to 204586 TPA post the completion on the ongoing capex programme.

Recent Results

For the year FY2016, the company reported an operating income of Rs. 248.72 crores and profit after tax of Rs. 22.29 crores. For Q1 FY2017, the company reported an operating income of Rs. 63.68 crores and profit after tax of Rs. 6.03 crores.

October 2016

For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Mr. Girishkumar Kadam, (Tel. No. +91-22-6114 3441)
girishkumar@icraindia.com

Mr. Ankit Deora, (Tel. No. +91-22-6169 3347)
ankit.deora@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai—400025, Board : +91-22-61796300; Fax: +91-22-24331390	**Kolkata** **Mr. Jayanta Roy** Mobile: **+91 9903394664** Email: jayanta@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna 234/3A, A.J.C. Bose Road Kolkata—700020 Tel +91-33-22876617/8839 22800008/22831411, Fax +91-33-22870728
Chennai **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 5th Floor, Karumuttu Centre 634 Anna Salai, Nandanam Chennai—600035 Tel: +91-44-45964300; Fax: +91-44 24343663	**Bangalore** **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 'The Millenia' Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2, Murphy Road, Bangalore 560 008 Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231	**Pune** **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel: + 91-20-25561194-25560196; Fax: +91-20- 25561231
Hyderabad **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083 Tel:- +91-40-40676500	