



Shree Pushkar Chemicals and Fertilisers Limited

Instrument	Amount	Rating Action
Long Term Fund Based Limits	Rs. 42.0 Cr.	[ICRA]BBB (reaffirmed; Outlook revised to Positive)
Term Loans	Rs. 3.07 Cr.	[ICRA]BBB (reaffirmed; Outlook revised to Positive)
Short Term Non-Fund Based Limits	Rs. 36.0 Cr.	[ICRA]A3+ (reaffirmed)

ICRA has reaffirmed the long term rating assigned to the Rs. 45.07 crores* fund based/ term loan facility of Shree Pushkar Chemicals and Fertilisers Limited (SPCFL)[†] at [ICRA]BBB (pronounced as ICRA triple B). ICRA has also reaffirmed the short term rating assigned to the Rs. 36.0 crores, short term non-fund based limits of SPCFL at [ICRA]A3+ (pronounced as ICRA A three plus). The outlook on the long-term rating has been revised to 'Positive' from 'Stable'.

The revision in the outlook reflects the company's improved cost competitive position, coupled with continued strong price environment for dye-intermediates which have benefited the company and improved its financial performance. While revising outlook, ICRA also takes note of the company's IPO plans to fund its future capex plans and to provide exit to the PE investors. The IPO, if successful, would further improve the capital structure of the company. Additionally, as the capex plans pertain to forward integration into manufacturing of reactive dyes, it should be beneficial to the company over the medium term due to integration benefits; though it would expose the company to the project implementation risk and the marketing risk in the interim period.

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 ports; raw material sources and end-user industries. Further, the cash flow position of the company remains satisfactory as reflected by comfortable working capital utilization over the past few months. The ratings are however constrained on account of high working capital intensity and limited financial flexibility. The ratings further factor in the 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.

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 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 164336 tonnes per annum (TPA).

* 100 lakh = 1 crore = 10 million

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



Recent Results

For H1 FY 15, the company reported an operating income of Rs. 137.75 crores and profit after tax of Rs. 7.60 crores. For the year FY 14, the company reported an operating income of Rs. 210.12 crores and profit after tax of Rs. 10.39 crores.

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