

Rishabh Metals & Chemicals Private Limited

Instrument	Amount (Rs. Crore)	Rating
Term Loan – Corporation Bank	Nil (Reduced from Rs 3.0 crore to Nil)	-
Cash Credit Facility – Corporation Bank	Rs. 5.0 crore (enhanced from Rs 3.0 crore to Rs 5.0 crore)	[ICRA]BBB- (Stable) assigned
LC Facility - Corporation Bank	Rs. 7.0 crore (enhanced from Rs 4.0 crore to Rs 7.0 crore)	[ICRA]A3 assigned

ICRA has assigned a long-term rating of [ICRA] BBB- (pronounced as ICRA triple B minus) to Rs 5.0 crore¹ (enhanced from Rs 3.0 crore) fund based limits of Rishabh Metals & Chemicals Private Limited (RMCP)². ICRA has also assigned a short-term rating of [ICRA] A3 (pronounced ICRA A three) to Rs. 7.0 crore (enhanced from Rs 4.0 crore) non-fund based limits of RMCP². The outlook on the long-term rating is 'Stable'.

The rating assigned takes into account healthy growth in revenues during the past two years and improvement in debt protection metrics. The rating continues to be constrained by RMCP's thin profitability, moderately high total outside liabilities to tangible network and intense competitive pressures in the industry, especially from comparatively large sized players. The company derives significant part of the revenue from low value added trading business, thereby limiting the improvement in company's profitability. The rating also takes into consideration RMCP's modest liquidity profile as reflected in consistently high utilization of working capital limits and the susceptibility of the company's profitability and cash flows to adverse fluctuations in prices of raw materials and volatility in exchange rates. The ratings however favourably take into account the long track record of the promoter in the chemicals business, the company's established relationships with its customers, its wide product portfolio and healthy debt coverage indicators.

Company Profile

Incorporated in 1984, Rishabh Metals & Chemicals Private Limited (RMCP) is involved in the manufacturing and trading of a range of specialty chemicals and water soluble polymers. The company has the ISO 9000 accredited manufacturing facility at Jalgaon, Maharashtra. Its major products include Wet Strength Resins (PAE resins), Polyamines, PolyDCDA resins, Blends of Organic and Inorganic Coagulants, etc.

Recent Results

For FY 2015, the company reported a Profit After Tax of Rs. 0.9 crore on an operating income of Rs. 72.9 crore (provisional). During FY 2014, the company reported a Profit after Tax (PAT) of Rs. 0.4 crore on an operating income of Rs. 52 crore.

September 2015

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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



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