

## Coatings and Coatings (India) Pvt. Ltd.

Instrument	Amount (In Rs. Crore)	Rating Action
Cash Credit/WCDL	9.00	[ICRA]BB+(Stable) assigned
Letter of Credit	1.00	[ICRA]A4+ assigned

ICRA has assigned a long-term rating of [ICRA]BB+ (pronounced ICRA double B plus) to the Rs. 9.00 crore<sup>1</sup> cash credit facility of Coatings & Coatings (India) Pvt. Ltd. (CCIPL or the company)<sup>2</sup>. The outlook on the long-term rating is 'Stable'. ICRA has also assigned the short-term rating of [ICRA]A4+ (pronounced ICRA A four plus) to the Rs. 1.00 crore non-fund based letter of credit facility of the company.

The assigned ratings factor in the extensive experience of the promoters of Coatings & Coatings (India) Pvt. Ltd. in the wood as well as foundry coatings segment, strong dealer network for distribution of the products and diverse application of the products across various industries. ICRA also notes the comfortable financial profile characterised by consistent growth in revenues, strong profitability and healthy coverage indicators.

The assigned ratings are, however, constrained by CCIPL's moderate scale of operations in an intensely competitive industry dominated by large organised players, susceptibility of the margins to fluctuations in raw material prices, which are in turn pegged to crude oil prices. ICRA also takes note of the moderately stretched capital structure and high working capital intensity of operations following stretched receivables and immediate payment made to suppliers in FY2016 to avail cash discounts.

### Company Profile

Coatings & Coatings (India) Pvt. Ltd. was established as a partnership firm in 1980 and later was converted into a private limited company in 1994. The company manufactures wood coatings, foundry coatings, alkyd and formaldehyde resins and ethyl alcohol (spirit). CCIPL has two factories - one in Ambernath, Thane spread over an area of 8500 square metre of land and the other in Taloja, Navi Mumbai spread over an area of 1500 square metre of land with a combined installed capacity of 6000 MTPA. The company has its head office in Ghatkopar, Mumbai. CCIPL has received the ISO 9001:2008 certification in 2002. The company is a part of the Bhayani Group, which comprises five entities which manufacture and trade in specialised chemicals. The other entities in the Bhayani Group are - MK Traders, Vithaldas Nagardas Bhayani, Ghatkopar Spirit Depo, Malay Chem Industries.

### Recent Results:

In FY2015 the company reported a net profit of Rs. 2.12 crore on an operating income of Rs. 48.05 crore. As per the unaudited results of FY2016, the company has reported a net profit of Rs. 3.28 crore on an operating income of Rs. 53.44 crore.

**June 2016**

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<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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