

## Oriental Aromatics Limited

Instrument	Amount (Rs. In crore)	Rating Action
Long-term – Fund Based TL	15.00	[ICRA]BBB+ (Stable) Outstanding
Long-term / Short-term – Fund Based	26.00	[ICRA]BBB+ (Stable)/ [ICRA]A2 Outstanding

Source: ICRA Research

ICRA has a long-term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) outstanding on the Rs. 15.0 crore<sup>1</sup> long-term loans of Oriental Aromatics Limited ('OAL' or the company)<sup>2</sup>. ICRA also has ratings of [ICRA]BBB+ and [ICRA]A2 (pronounced ICRA A two) outstanding on the Rs. 26.00 crore long-term / short-term fund based / non-fund based bank facilities of OAL. The outlook on the long-term rating is stable.

ICRA has taken note of the recent approval by the Board of Camphor and Allied Products Limited (CAPL)<sup>3</sup>, of which 57.66% equity stake is held by OAL, on the Scheme of Amalgamation of OAL with itself. The appointed date of amalgamation is April 1, 2016, and the amalgamation is subject to approval by the High Court and other such authorities (as may be necessary). The share exchange ratio has been fixed at 100:156, i.e., CAPL shall issue 156 shares (of Rs. 10 each) for every 100 shares (of Rs. 10 each) held by shareholders of OAL. Post amalgamation, the shareholding of promoters in CAPL would increase to 74.17% from 57.66% currently.

ICRA expects the amalgamation of OAL with CAPL to provide synergistic benefits, economies of scale, consolidation of finances and operations, strong asset base and operational efficiencies. CAPL meets ~15% of the raw material requirement of OAL, which would be met captively following the amalgamation.

### Company Profile

Incorporated in 1955, Oriental Aromatics Limited is 100% owned and managed by the third generation of the Bodani family. The company operates in a niche aroma chemicals industry, providing blended aromatic fragrances and flavours to several FMCG majors such as Godrej Soaps, Godrej Sara Lee, Bajaj Consumer Products, Dev's Medical, and Nirma, among others.

Until FY2014, OAL operated out of two of its owned facilities at Mangalore (100% EOU), Karnataka, and at Daman in Daman and Diu. In order to consolidate operations and have better control over daily activities, the promoters of OAL shifted operations in phases from Mangalore and Daman to a single factory at Ambernath in Maharashtra. The company's plant at Ambernath started operations from April 2014. OAL obtained ISO 9001:2008 and ISO 22000:2005 certifications for the Ambernath plant in July 2015.

Camphor and Allied Products Limited is a 57.66% subsidiary of OAL. CAPL is one of the largest domestic manufacturers of a variety of terpene chemicals and other speciality aroma chemicals. The Board of Directors of CAPL approved the amalgamation of OAL with itself in April 2016.

### Recent Results

For the twelve months ended March 31, 2015, as per audited numbers, OAL reported a profit after tax (PAT) of Rs. 6.1 crore on an operating income (OI) of Rs. 108.7 crore, as against a PAT of Rs.14.7 crore on an OI of Rs. 97.7 crore for the twelve months ended March 31, 2014.

**April 2016**

<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.

<sup>3</sup> CAPL has ratings of [ICRA]BBB+ (Stable)/ [ICRA]A2 outstanding



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