

NGL Fine-Chem Limited

Instrument	Amount Rated (Rs Crore)	Rating Action
Cash Credit	8.00 (Reduced from 9.00)	[ICRA]BBB reaffirmed; Outlook revised to Positive from Stable
Term Loans	17.80 (enhanced from 10.60)	
Preshipment Credit	8.00 (enhanced from Nil)	
Unallocated	Nil (reduced from 2.74)	
Letter of Credit	4.80 (enhanced from 3.30)	[ICRA] A3+ reaffirmed
Bank Guarantee	Nil (reduced from 0.25)	
PSR Limit	4.00 (enhanced from Nil)	

ICRA has reaffirmed the long term rating of [ICRA]BBB (pronounced ICRA triple B) assigned to the Rs 33.08¹ crore long term limits (enhanced from Rs 22.34 crore) of NGL Fine-Chem Limited (NGL or the company). ICRA has also reaffirmed the short term rating of [ICRA]A3+ (pronounced ICRA A three plus)² assigned to the Rs 8.80 crore (enhanced from Rs 3.55 crore) short term limits of NGL. The outlook on long term rating has been revised to Positive from Stable.

Rating Rationale

The reaffirmation of the rating takes into account the steady performance of the company with improvement in the company's profitability driven by higher sales realization and reduction in manufacturing costs; and limited debt levels which has in turn has led to improved capitalization and debt coverage indicators for FY 2016. The revision in outlook also factors in the expectation that the company will be able to further expand the margins as visible in profitability levels in Q1FY2017 with focus on products yielding better realizations and support its top line through the capacity expansion which is expected to be completed by June 2017. The ratings also take into account the established track record of the company in manufacture of animal health Active Pharmaceutical Ingredients (APIs); and its established customer base across domestic and export markets. The ratings, however, are constrained by the moderate revenue growth reported by the company in the last two fiscals; heavy dependence on 4-5 key products for revenue generation; highly working capital intensive nature of business operations; and vulnerability of its profitability to fluctuations in prices of key raw materials and foreign exchange rates.

Company Profile

NGL Fine-Chem Limited is a veterinary pharmaceutical raw material manufacturer, and its products find usage in the animal health industry. The company was incorporated in 1981 by Mr. Narayan Lawande. The company is listed on the Bombay Stock Exchange, Ahmedabad Stock Exchange & Madras Stock Exchange since 1994. NGL provides a range of products catering to formulations for farm animals with its largest end-user market being Africa, and it also has a strong and growing international presence in Latin America, Asia and Europe. NGL's manufacturing facilities are located at Pawane (Navi Mumbai) and Tarapur (Maharashtra). The company's manufacturing facilities are GMP-certified (Good Manufacturing Practice) from the Maharashtra State FDA (Food & Drug Administration).

Recent Results

For the financial year ended March 31, 2016, NGL reported an operating income of Rs 96.29 crore and profit after tax of Rs 11.40 crore as against an operating income of Rs 88.33 crore and profit after tax of Rs 8.33

¹ 100 lakhs = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



crore for the financial year ended March 31,2015. Further, In the current fiscal, for the first quarter ended June 30,2016, the company has reported an operating income of Rs 25.28 crore and profit after tax of Rs 3.93 crore.

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