

## Rating Rationale

### Omkar Speciality Chemicals Ltd

3 Oct 2017

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs. 230.50 Crores of Omkar Speciality Chemicals Ltd**

### Particulars

Facility Rated	Amount (in ₹ Crore)		Tenure	Previous Rating	Current Rating
	Previous	Present			
<b>Fund Based</b>					
Cash Credit	71.00	71.00	Long Term	<b>BWR BBB</b> (Pronounced BWR Triple B) <b>Outlook-Stable</b>	<b>BWR D</b> (Pronounced BWR Single D) <b>Downgraded</b>
ECB	32.00	32.00			
Term Loan	50.00	42.50			
Vendor Finance	25.00	25.00			
<b>Non Fund Based</b>					
LC	60.00	60.00	Short Term	<b>BWR A3</b> (Pronounced BWR A Three)	<b>BWR D</b> (Pronounced BWR Single D) <b>Downgraded</b>
<b>Total</b>	<b>238.00</b>	<b>230.50</b>	<b>₹230.50 Crore (Rs. Two Hundred and Thirty Crore and Fifty Lakh Only)</b>		

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Downgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17 and publicly available information.

The rating revision takes into account the overall weak liquidity position of the company impacting its ability to timely servicing of the debt obligations. Going forward the ability of the



company to improve liquidity position and regularize debt servicing shall remain key rating sensitivities.

### Key Rating Driver:

**Delayed Debt Servicing:** Due to stretched liquidity position, the company has not been able to service its interest payment on debt obligation in timely manner.

### About the Company

Omkar Specility Chemicals Limited (OSCL) was originally incorporated as a Proprietorship Firm under the name M/s. Omkar Chemicals in the year 1983, with Mr. Pravin S. Herlekar as the Proprietor. On February 24, 2005, it changed to a Private Ltd. Company known as Omkar Specialty Chemicals Private Limited. The company established itself as a Public Limited Company on March 18, 2010 with the name “Omkar Specialty Chemicals Limited”, under the Chairmanship of Mr. Pravin S. Herlekar as the Chairman & Managing Director and with Mr. Omkar P. Herlekar as its Whole Time Director.

OSCL is primarily engaged in the production of Specialty Chemicals and Pharma Intermediates. OSCL manufactures a range of Organic, Inorganic and Organo Inorganic Intermediates. The Inorganic Intermediates include Molybdenum derivatives, Selenium derivatives, Iodine derivatives, Cobalt derivatives, Bismuth & Tungsten derivatives and the organic intermediates include Tartaric acid derivatives and other intermediates.

The company has restructured its group companies where in Lasa Laboratories Private Limited (LLPL), Rishichem Research Limited (RRL), Desh Chemicals Priavate Limited (DCPL), Urdhwa Chemical Company Private Limited (UCCPL) have been merged with OSCL and its veterinary API division is demerged into Lasa Supergenerics Limited.

### Company’s Financial Performance

In FY17, OSCL reported total operating income of ₹345 Crore, EBIDTA of ₹49.16 Crore and net loss of ₹25.56 Crore on account of assets transferred to demerged entity.

Rs. Crore	FY17*	FY16
	Audited	Audited
Revenue	345	319.06
PBDIT	49.16	40.99
PAT	-25.56	22.21

Networth	82.76	181.44
Debt to Equity (Times)	2.43	1.04
Current Ratio (Times)	1.24	1.22

**Note\*-** Figures for the financial year ended on March 31, 2017 are excluding the figures of Demerged undertaking. Previous Years figures however include the same, hence, not comparable.

**Rating History for the last three years (including withdrawn/suspended ratings)**

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	FY16	FY15	FY14
1	CC	Long Term	71.00	BWR D	BWR BBB	-	-
2	ECB	Long Term	32.00	BWR D	BWR BBB	-	-
3	Term Loan	Long Term	42.50	BWR D	BWR BBB	-	-
4	Vendor Finance	Long Term	25.00	BWR D	BWR BBB	-	-
5	LC	Short Term	60.00	BWR D	BWR A3	-	-
	<b>Total</b>	-	<b>230.50</b>	-	-	-	-

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



Analytical Contacts	Media
<u>Sushil Kumar Chitkara</u> DGM- Ratings	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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