

Ratings

Rating Rationale

May 23, 2019 | Mumbai

Thirumalai Chemicals Limited

Ratings Reaffirmed and Withdrawn

Rating Action

Total Bank Loan Facilities Rated	Rs.581.54 Crore
Long Term Rating	CRISIL A/Positive (Rating Reaffirmed and Withdrawn)
Short Term Rating	CRISIL A1 (Rating reaffirmed and Withdrawn)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its ratings on the bank facilities of Thirumalai Chemicals Limited (TCL) and subsequently **withdrawn** the rating at the company's request and on receipt of a no-objection certificate from the banker. The withdrawal is in line with CRISIL's policy on withdrawal of bank loan ratings.

Analytical Approach

For arriving at the ratings, CRISIL has combined the financial and business risk profiles of TCL and its subsidiaries. This is because these entities, collectively referred to as the TCL group, are in similar lines of business, and have operational linkages and financial fungibility.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

About the Company

TCL was set up in 1972 by Mr N S Iyengar and Mr N R Swamy. The company is part of the Thirumalai group, which has interests in commodity chemicals, pigments, surfactants, education and healthcare. TCL and its subsidiaries manufacture and sell commodity chemicals.

TCL commenced commercial production of **PAN** in 1976, and currently has a **capacity of 145,000 tonnes per annum**. It also manufactures derivatives of PAN such as food acids and esters. The group manufactures **MAN** through OOSB, which has an **annual capacity of 42,000 tonnes**.

For fiscal 2019, on a consolidated basis, TCL reported a PAT of Rs 114 crore on net sales of Rs 1,261 crore against a PAT of Rs 170 crore on net sales of Rs 1,310 crore during the previous corresponding period.

Key Financial Indicators

Particulars	Unit	2018	2017
Revenue	Rs. Cr.	1,310	1,026
Profit After Tax (PAT)	Rs. Cr.	170	71
PAT Margins	%	13.0	6.9
Adjusted Debt/Adjusted Networth	Times	0.1	0.15
Interest coverage	Times	23	10

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Rating Assigned with Outlook
NA	Fund Based Facilities	NA	NA	NA	70.6	Withdrawn
NA	Fund Based Facilities*	NA	NA	NA	104.4	Withdrawn
NA	Non-Fund Based Limit*	NA	NA	NA	206.6	Withdrawn
NA	Non-Fund Based Limit	NA	NA	NA	138.2	Withdrawn
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	61.74	Withdrawn

*Of which Rs. 311 Cr are interchangeable between fund based and non-fund based limits

Annexure - List of Entities Consolidated

Name of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Optimistic Organic Sdn Bhd	Full Consolidation	Significant financial and operational linkages
Cheminvest Pte Ltd	Full Consolidation	Significant financial and operational linkages
Lapiz Europe Limited	Full Consolidation	Significant financial and operational linkages

Annexure - Rating History for last 3 Years

Current				2019 (History)		2018		2017		2016		Start of 2016
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	236.74	Withdrawn			10-09-18	CRISIL A/Positive	26-10-17	CRISIL A-/Positive	17-11-16	CRISIL BBB+/Positive	--
						26-03-18	CRISIL A/Stable	14-03-17	CRISIL A-/Stable	28-01-16	CRISIL BBB+/Stable	
						05-03-18	CRISIL A/Stable	21-02-17	CRISIL BBB+/Positive			
Non Fund-based Bank Facilities	LT/ST	344.80	Withdrawn/Withdrawn			10-09-18	CRISIL A/Positive/CRISIL A1	26-10-17	CRISIL A1	17-11-16	CRISIL A2	--
						26-03-18	CRISIL A/Stable/CRISIL A1	14-03-17	CRISIL A2+	28-01-16	CRISIL A2	
						05-03-18	CRISIL A1	21-02-17	CRISIL A2			

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Fund-Based Facilities*	104.4	Withdrawn	Fund-Based Facilities*	104.4	CRISIL A/Positive
Fund-Based Facilities	70.6	Withdrawn	Fund-Based Facilities	70.6	CRISIL A/Positive
Non-Fund Based Limit*	206.6	Withdrawn	Non-Fund Based Limit*	206.6	CRISIL A/Positive
Non-Fund Based Limit	138.2	Withdrawn	Non-Fund Based Limit	138.2	CRISIL A1
Proposed Fund-Based Bank Limits	61.74	Withdrawn	Proposed Fund-Based Bank Limits	61.74	CRISIL A/Positive
Total	581.54	--	Total	581.54	--

*Of which Rs. 311 Cr are interchangeable between fund based and non-fund based limits

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufacturing and service sector companies
Rating Criteria for Petrochemical Industry
CRISILs Criteria for Consolidation

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