

November 02, 2015

Facilities	Amount (Rs. Crore)	Rating
Letter of Credit	385.00*	SMERA A2 (Assigned)
Cheque Purchase	0.25	SMERA A2 (Assigned)
WAE	0.20	SMERA A2 (Assigned)
Proposed Short Term Facilities	0.55	SMERA A2 (Assigned)

*Sublimit is letter of comfort to the extent of Rs.240 crore.

*Sublimit is import/inland letter of credit and/or letter of comfort (DA upto 180 days) to the extent of Rs.160 crore.

*Sublimit is letter of guarantee to the extent of Rs.5.00 crore.

*Sublimit is SBLC DA/DPA 120 days to the extent of Rs.25.00 crore.

*Sublimit is UBD/UDBP (DA-90 days) to the extent of Rs.0.80 crore and UBD (Bills under LC) (DA-90 days) to the extent of Rs.9.20 crore.

SMERA has assigned a short term rating of '**SMERA A2** (read as **SMERA A two**) to the Rs.386.00 crore bank facilities of Jupiter Dye Chem Private Limited (JDCPL). The rating draws comfort from the company's long track record of operations, experienced management and healthy revenue growth. The rating also draws support from the healthy product mix, low inventory holding and reputed customer base and takes into account the moderate financial risk profile and comfortable liquidity position. However, the rating is constrained by forex fluctuation risk and low profit margins due to the trading nature of business.

JDCPL imports and trades in petrochemicals, solvents, glycols in the domestic market. The company's operating income has grown at a CAGR of 30 per cent in the past five years ending March 2015 and the operating revenue increased to Rs.1176.94 crore in FY2015 from Rs.294.61 crore in FY2010.

Further, the import of its top two products has increased over the past five years and the company also benefits from its healthy market share of ~11 percent in these two products.

JDCPL procures chemicals mostly against confirmed orders reducing possible inventory losses. Besides, the company has been able to establish long term relationships with reputed customers. The financial risk profile is moderate marked by gearing (total outside liabilities to tangible networth) of 3.19 times as on March 31, 2015. The company has utilised around 75 percent of the total non fund based facility and maintains margin money in the form of fixed deposits with the bank.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

With JDCPL importing chemicals from Middle East, South East and Far East Asia, USA and Europe, there's considerable exposure to forex fluctuation risk. But with the company hedging its forex exposure, no forex loss has been incurred in the past. JDCPL operates on thin profit margins on account of the trading nature of its business.

Rating Sensitivity Factors

- Improvement in profit margins
- Deterioration in financial risk profile
- Working capital management

About the Company

JDCPL, incorporated in 1977 is a Mumbai-based company promoted by Mr. Ashok Chokhani and his brother Mr. Ramesh Chokhani, having over three decades of experience in marketing and distribution of chemicals. The company imports and trades in petrochemicals, solvents, glycols among others in the domestic market. JDCPL is managed by Mr. Nimesh Chokhani who has more than a decades experience in the chemical industry. The company reported operating income of Rs.1176.94 crore for FY2014-15, as compared with Rs.998.66 crore in FY2013-14.

Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: yinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.