

March 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
ODBD	2.00	SMERA BB+/Stable (Assigned)
Letter of Credit	10.00*	SMERA A4+ (Assigned)

**Includes sublimit of buyers credit upto Rs. 5.00 crore*

SMERA has assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A four plus**) on the abovementioned bank facilities of J P Dyechem Private Limited (J P Dyechem). The outlook is '**Stable**'. The ratings draw support from the company's established track record of operations, experienced management and diversified product portfolio. The ratings also benefit from the above-average financial risk profile marked by low gearing, moderate net worth base and healthy coverage indicators. Further, the ratings also factor in the efficient working capital management and comfortable liquidity position. However, the ratings are constrained by the moderate scale of operations, thin profit margins and intense market competition. The ratings also note the susceptibility of profit margins to volatility in raw material prices and fluctuations in forex rates.

Outlook: Stable

SMERA believes that J P Dyechem will maintain a stable business profile and continue to benefit over the medium term from its established presence in the chemical trading industry. The outlook may be revised to 'Positive' if the company registers sustained growth in revenues while improving margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations
- Sustaining improvement in profitability

About the Company

J P Dyechem, incorporated in 1996 is a Mumbai-based company promoted by Mr. Jayendra Doshi and Mr. Paras Dhami. The company is engaged in the trading of chemicals used in various industries including textile, wires and cables, photographic chemicals, rubber, paints, adhesives, construction chemicals, dyes and pigments, lubricants, pharmaceutical drugs, cosmetics among others.

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SMERA RATINGS LIMITED

J P Dyechem Private Limited (J P Dyechem)

Rating Rationale

For FY2014–15, the company reported net profit of Rs.0.78 crore on total income of Rs.93.09 crore, as compared with net profit of Rs.0.70 crore on total income of Rs.102.92 crore in FY2013–14. The company registered total income of Rs.101.45 crore for the period April 2015 to February 2016.

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