

Press Release

JPB Chemical Industries Private Limited

May 18, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs.19.00 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has reviewed and withdrawn the long-term rating at '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.19.00 Cr bank facilities of JPB Chemical Industries Private Limited. The rating is in accordance with Acuite's policy on withdrawal of rating and on account of request received from company and no dues certificate received from banker.

About the Company

JPB Chemical Industries Private Limited (JCIPL) incorporated in the year 1996. It is a Mumbai-based company, promoted by Mr. Jitendra Dayalji Gandhi, Hiten Jitendra Gandhi and Parag Jitendra Gandhi. The company is engaged in repacking and trading/distribution of basic chemicals, pharmaceuticals, solvents, chemicals, intermediate, bulk drugs, food products, aromatics & agro catering. Solvents constitute 75-80 percent of the revenue. The majority of the raw materials are obtained domestically and near about 10-15% of it is imported from countries like Taiwan, Singapore, Japan and China.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of JCIPL to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced management and established track record of operations**

JPB Chemical Industries Private Limited is in the said line of business since 1996. The directors viz Mr. Jitendra Gandhi, Mr. Hiten Gandhi, and Mr. Parag Gandhi have more than two decades of experience in the chemical industry. Experience of the promoters helped the company in adding new clientele every year and maintaining healthy relationship with the existing customers. The company supplies its products to more than 150 customers across India catering to the industries such as Pharma, Paints, Agro industry, among others.

- Moderate financial risk profile**

Financial risk profile of the company is moderate marked by moderate gearing (debt to equity ratio), total outside liabilities to total net worth (TOL/TNW), and debt protections metrics. Gearing is moderate at 1.28 times as on 31 March, 2020 as against 1.54 times as on 31 March, 2019. TOL/TNW is moderate at 3.43 times as on 31 March, 2020 as against 4.16 times as on 31 March, 2019. Net worth of the company is moderate at Rs.15.0 Cr as on 31 March, 2020 as against Rs.12.98 Cr as on 31 March, 2019.

Debt protection metrics of interest coverage ratio and net cash accruals to total debt are moderate at 2.11 times and 0.11 times respectively in FY2020.

Weaknesses

- Working capital intensive operations**

JCIPL's operations are moderately working capital intensive as evident from gross current assets (GCA) of 151 days as on March 31, 2020 as against 133 days as on March 31, 2019. The Company has an inventory policy of 15 days and allows credit period to customers for about 90 to 150 days. The debtor's days were recorded at 134 days for FY2020 as against 120 days in FY2019. The inventory days were recorded at 11 days in FY2020 against 8 days in FY2019.

Rating Sensitivity

None

Liquidity: Adequate

Liquidity of JCPL is adequate marked by comfortable cash accruals of Rs.2.11 Cr against no repayment obligations. The current ratio of the company stood at 1.22 times as on March 31, 2020. It has unencumbered cash balances of Rs.0.51 Cr as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	130.75	153.43
PAT	Rs. Cr.	2.02	2.03
PAT Margin	(%)	1.54	1.33
Total Debt/Tangible Net Worth	Times	1.28	1.54
PBDIT/Interest	Times	2.11	2.01

Status of non-cooperation with previous CRA (if applicable)

India Ratings, vide its press release dated September, 2018 has denoted the rating of JPB Chemical Industries Private Limited as 'IND BB/A4+; ISSUER NOT COOPERATING' on account of lack of adequate information required to monitor the ratings.

Any Material Covenants

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument/Facility	Term	Amount (Rs. Cr)	Ratings/Outlook
20-Feb-2020	Cash Credit	Long Term	19.00	ACUITE BB+/Stable (Reaffirmed)
21-Feb-2019	Cash Credit	Long Term	19.00	ACUITE BB+/Stable (Upgraded)
28-Mar-2018	Cash Credit	Long Term	19.00	ACUITE BB/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	19.00	ACUITE BB+ (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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