

Press Release

Yasham Speciality Ingredients Private Limited

January 15, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 13.00 crore
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4 + (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating to '**ACUITE BB+**' (**read as ACUITE double B plus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) to the above mentioned bank facilities of Rs.13.00 crores for Yasham Speciality Ingredients Private Limited (YSPL). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

YSPL, based at Mumbai, was established in 1997. The company is engaged in trading of specialty chemicals products which are mainly used in personal care, pharma and food and beverage (F&B) industries. The company is promoted by Samant family. YSPL has a branch office located at New Delhi and its infrastructure includes two application labs, one for personal care division, which was set up in 2007, and other one for construction division.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of YSPL to arrive at the rating.

Key Rating Drivers

Strengths

• Established track record and experienced management

YSPL has its presence since 1997 in specialty chemicals industry which has helped the company to establish its market position in cosmetics and pharmaceutical industry. The company is promoted by Mr. Vivek D Samant and Mrs. Namita Vivek Samant having over three decades of experience in the chemical trading business. The company will benefit from the promoters experience and healthy relationships with various customers as well as suppliers.

• Reputed clientele

YSPL has reputed client base such as Himalaya Drug Company, Johnson & Johnson Limited, Glenmark among others. These clients are associated with the company since inception and others for more than two decades.

• Moderate financial risk profile

The company has a moderate financial profile marked by net worth of Rs. 25.60 crore as on 31 March, 2019 as against Rs.18.50 crore in the previous year. The gearing (debt equity) stood comfortable at 0.12 times as on 31 March, 2019 which has improved from 0.38 times as on 31 March, 2018. Interest Coverage Ratio stood 15.25 times in FY2019 and 9.75 times in FY2018. The total debt of Rs. 3.10 crore as on 31 March, 2019 majorly comprises working capital facility of Rs. 2.36 crore, unsecured loan of Rs.0.14 crore, current maturity of long term debt of Rs.0.18 crore and bank term loan of Rs.0.42 crore. The TOL/TNW stood at 0.55 times in FY2019 as compared to 0.89 times for FY2018. The debt service coverage ratio stood low at 9.17 times in FY2019 and 6.19 times in FY2018.

Weaknesses

• Volatility in the prices of traded chemicals

The product profile of the company comprises of specialty chemicals, such as tertiary butyl acetate, ethyl chloro acetate, imidazole among others. The domestic prices of such commodities are influenced by the global demand and supply factors which is beyond the control of the company. This exposes the company to the risk of volatile movement in the prices of traded chemicals, which can affect its margins. Going forward, the operations may remain susceptible to volatile margin in commodity prices and foreign exchange rates.

• High competition

The Indian chemical industry is highly fragmented with the presence of large number of organised and unorganised players. High competitive intensity could restrict the ability of the company to scale up its volumes and pass on the impact of price fluctuation to its customers (owing to pricing pressures), thus having an adverse effect on its revenues and profitability

Liquidity Position: Adequate

The company has adequate liquidity marked by moderate net cash accruals against no major debt obligations. The company generated cash accruals of Rs. 7.64 crore for FY2019 against debt obligations of Rs.0.18 crores for the same period. The company has moderately working capital intensive operations marked by high GCA days of 129 days for FY2019. The company maintains unencumbered cash and bank balances of Rs. 0.02 crore as on 31 March, 2019. The current ratio stood at 2.15 times as on 31 March, 2019.

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	79.50	65.16
PAT	Rs. Cr.	7.11	4.04
PAT Margin	(%)	8.94	6.20
Total Debt/Tangible Net Worth	Times	0.12	0.38
PBDIT/Interest	Times	15.25	9.75

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

Not Applicable

Any other information

None

Material Covenants

None

Applicable Criteria

- Trading Entities- <https://www.acuite.in/view-rating-criteria-6.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>
- Consolidation Of Companies : <https://www.acuite.in/view-rating-criteria-22.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
11-Dec-2019	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgrade, Indicative)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgrade, Indicative)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ (Downgrade, Indicative)
	Letter of Credit	Short Term	2.50	ACUITE A4+ (Downgrade, Indicative)
24-Jul-2019	Cash Credit	Long Term	5.00	ACUITE BBB- (Indicative)
	Cash Credit	Long Term	5.00	ACUITE BBB- (Indicative)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Indicative)
	Letter of Credit	Short Term	2.50	ACUITE A3 (Indicative)
23-May-2018	Cash Credit	Long Term	5.00	ACUITE BBB-/ Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB-/ Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	2.50	ACUITE A3 (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	5.00	ACUITE BB+ (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB+ (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A4+ (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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