

Press Release

Bliss Industries

December 04, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 13.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned its long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 13.00 crore bank facilities of Bliss Industries (Bliss). The outlook assigned is '**Stable**'.

The Gujarat based, Bliss Industries was established in 2015 by Mr. Jitesh Patel, Mr. Dipak Patel, Mr. Sachin Patel, Mr. Kalpesh Patel and Ms. Binalben Patel. The company is into manufacturing and dealing of Specialty Chemical's and Intermediates for Industries that are into Pharma products and chemical manufacturing. However, the operations have not yet started; the operations are expected to start in of April 2019. The manufacturing facility is located in Bharuch, Gujarat and has proposed to attain 8820 MT/PA manufacturing capacity for the 16 products. Initially, the firm will use only 1020 MT/PA capacity for manufacturing only three products viz. 5 Chloro 8 Quinolionol, 5 Methoxy 1-3 dihydro 2 H- Benzimidzole 2 Thione and 3 Hydroxy Acetophenon.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced Management

The partners have more than 2 decades of experience in chemicals & Pharma intermediates. The firm has potential reputed clients including Dr. Reddy's Laboratories and United Phosphorus Limited. Firm has an advantage of having established relations with these clients through the other group companies' viz., M/s. Universal Aromatic, M/s. Universal Chemo Pharma and M/s. Bansidhar Pharma. Acuité believes that Bliss will be benefited from its qualified and experienced management in the aforementioned industry and could enjoy repeat business orders through established relations with the clients.

Weaknesses

• Project execution and implementation risk

Bliss is setting up a plant at Bharuch, Gujarat. The total project cost is ~Rs. 16.70 crore. The project is expected to be funded partly through term loan from bank of Rs. 10.00 crore, equity infusion of Rs. 3.83 crore and unsecured loans of Rs. 2.87 crore. The commercial date of commencement of operations for this project is expected to be April 2019. Any significant delays in implementation of the project and achieving the commercial operations will impact the debt protection indicators. Acuité believes that the timely completion of the project and generating of sufficient net cash accruals in order to repay its debt obligation will be a key rating sensitivity.

• Presence in the highly fragmented industry

Manufacturing of pharma intermediaries is highly competitive and fragmented with the presence of numerous organised as well as unorganised players operating in the domestic market. Low entry barriers, easy availability of raw material and limited initial capital investment requirement has attracted a large number of regional and unorganised players putting pressure on profitability of the existing as well as new players.

Outlook: Stable

Acuite believes that Bliss will maintain a 'Stable' credit profile over the near to medium term on the back of experienced management. The outlook may be revised to 'Positive' if Bliss commissions the project on time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' if there are delays in commissioning of the project.

About the Rated Entity - Key Financials

Commercial operations are expected to commence from April, 2019.

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B / Stable

Contacts

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About Acuité Ratings & Research:

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