



Press Release
Accord Chemical Corporation
November 28, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.00	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	28.00	Not Applicable Withdrawn	-
Bank Loan Ratings	227.00	-	ACUITE A4+ Reaffirmed & Withdrawn
Bank Loan Ratings	29.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	300.00	-	-

Rating Rationale

Acuite has reaffirmed & withdrawn its long-term rating to ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) and its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.243.00 Cr. bank facilities of Accord Chemical Corporation (ACC). The rating is being withdrawn on account of request received from the company and No Objection Certificates (NOCs) received from the lenders.

Acuite has withdrawn the long-term and short-term rating of Rs. 25.00 Cr. bank facility without assigning any rating as instrument is fully repaid of Accord Chemical Corporation (ACC). The rating is being withdrawn on account of request received from the company and No Due Certificate (NDC) received from the lender.

Acuite has withdrawn the long-term and short-term rating of Rs. 32.00 Cr. facility without assigning any rating as it is a proposed facility of Accord Chemical Corporation (ACC). The rating is being withdrawn on account of request received from the company.

The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for rating

The rating of group considers the healthy Net worth and the rating also draws comfort from the experienced promoters and the group's long track record in the industry. These strengths are however, offset by the working capital-intensive in nature of operations along with the regulatory industry.

About the Company

Incorporated in 2009, Accord Chemical Corporation (ACC), a Mumbai-based partnership firm, is engaged in trading, indenting, distribution, imports, and exports of various petrochemicals. It is led by its partners, Mr. Jinesh Shah and Mrs. Meghna Shah, who have more than two decades of experience in the petrochemical industry. Jinesh Shah used to work at Tresent Organics as a business manager for around 10 to 12 years before launching his own firm.

About the Group

Incorporated in 2014, Accord Chemcorp Private Limited has been established with a vision to cater the fast-growing needs of the Chemical Industry in terms of providing the customers innovative solutions with dedicated and quality services. The company understands demands of various chemicals with the multiple industrial applications and give the upper edge to source and procure the products at competitive price and deliver the same

to the customers to maintain cost effectiveness. The company is located at Borivali, Mumbai.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered the consolidated business and financial risk profile of Accord Chemical Corporation (ACC) and Accord Chemcorp Private Limited (ACPL) together referred to as Accord Group. The consolidation is mainly on account of the similar line of business and common management.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The group has established a presence since 2009 and is engaged in trading, indenting, distribution, imports, and exports of various petrochemicals. Accord Group is promoted by Mr. Jinesh Shah and Mrs. Meghna Shah. The promoters have over two decades of experience in the trading business. The group benefits from its experienced management, which is reflected in its healthy turnover of more than ~Rs.1380 crore in FY2024 facilitated through its longstanding relationship with its customers and suppliers. This has ensured a steady flow of imports and exports of chemicals in a timely manner.

Average financial risk profile

The group has an average financial risk profile is marked by healthy net worth, comfortable gearing and healthy debt protection metrics. The revenue of the group stood at Rs.1380.10 Cr. in FY2024. The tangible net worth has increased to Rs. 96.73 Cr. as on FY2024 as compared to Rs.90.71 Cr. as on FY2023 due to accretion of reserves. The gearing of the group stood at 1.60 times as on FY2024 as compared to 1.57 times as on FY2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.71 times as on FY2024 as against 3.22 times as on FY2023. The debt protection metrics of the group marked by comfortable Interest Coverage Ratio (ICR) at 2.47 times as on FY2024 as compared to 3.12 times as on FY2023 and Debt Service Coverage Ratio at 2.37 times as on FY2024 as compared to 2.97 times as on FY2023. Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.07 times as on FY2024. Acuite believes that financial risk profile is expected to be remain average over the medium term in absence of major debt funded capex plans.

Weaknesses

Working capital intensive nature of operations

The working capital-intensive nature of operations of the group is marked by high Gross Current Asset days (GCA) of 79 days as on FY2024. The debtor days stood at 52 days as on FY2024. The inventory period stood relatively low at 146 days as on FY2024. Acuite believes that the working capital management of the group will remain intensive given the nature of the industry.

Cyclicity associated with chemical industry and profitability remain susceptible towards foreign currency fluctuations

The operations of the group are dependent primarily on imports and exports of chemicals. The sector is also marked by the presence of several other players, which leads to intense competition. Chemicals and the other by-products managed by the group remain extremely sensitive to fluctuations in commodity prices, thereby impacting the overall profitability and margin profile of the group.

Rating Sensitivities

Not Applicable

Liquidity Position

Adequate

The group's liquidity position is adequate marked by net cash accruals of Rs. 10.07 Cr. as on FY2024 as against nil Cr. long-term debt repayment during the same period. The current ratio stood at 1.25 times as on FY2024, and same on FY2023. The cash and bank balances stood at Rs. 40.62 Cr. FY2024. However, the working capital-intensive nature of operations of the group is marked by Gross Current Assets (GCA) of 79 days. Acuite believes that going forward the liquidity position of the group will remain stretched due to the improving net cash accruals.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1380.10	1347.91
PAT	Rs. Cr.	7.83	6.64
PAT Margin	(%)	0.57	0.49
Total Debt/Tangible Net Worth	Times	1.60	1.57
PBDIT/Interest	Times	2.47	3.12

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Oct 2023	Letter of Credit	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	17.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	35.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	37.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	22.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	35.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	22.50	ACUITE A4+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	7.00	ACUITE A4+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	0.50	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	12.50	ACUITE BB+ Stable (Assigned)
30 Aug 2023	Letter of Credit	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	17.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Long Term	25.00	ACUITE BB+ Stable (Reaffirmed)
21 Dec 2022	Letter of Credit	Long Term	42.50	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Long Term	30.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
01 Oct 2021	Letter of Credit	Long Term	30.00	ACUITE BB+ Stable (Assigned)
	Letter of Credit	Long Term	42.50	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	Not Applicable Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB+ Reaffirmed & Withdrawn
Bandhan Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.50	Simple	ACUITE BB+ Reaffirmed & Withdrawn
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	Not Applicable Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	37.00	Simple	ACUITE A4+ Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Yes Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Bandhan Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.50	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Federal Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	52.50	Simple	ACUITE A4+ Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	Not Applicable Withdrawn
Indusind Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB+ Reaffirmed & Withdrawn

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Accord Chemical Corporation
2	Accord Chemcorp Private Limited

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Abhishek Singh Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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