

Press Release

JALNIDHI BITUMEN SPECIALITIES PRIVATE LIMITED

February 18, 2025

Rating Assigned and Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.51	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	48.89	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	23.35	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	82.75	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed in its long-term rating to ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) and short-term rating to ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the bank facilities of Rs. 72.24 Cr of Jalnidhi Bitumen Specialities Private Limited (JBSP), The outlook remains **Stable**.

Acuite has assigned the long term to ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) on the bank facilities of Rs. 10.51 Cr of Jalnidhi Bitumen Specialities Private Limited (JBSP). The outlook is **Stable**.

Rationale for the rating

The rating reflects the company’s long standing operational track record coupled with promoter’s expertise in bitumen industry. With a pan-India presence, the company has expanded its footprint across the country. The revenue growth is driven by increased trading activities and rising orders from road infrastructure sector. The ramp up in trading activities needs to be monitored to assess the sustainability of sales growth and profit implications. Marginal improvement in EBITDA margins due to reduced logistics and transportation costs were attained as the Company has now been able to secure tankers of 7500 MT (earlier 5000 MT). The company’s financial risk profile supported by steady network, high dependence on short term borrowings leading to increased gearing but no major debt funded capex plans. The liquidity is adequate backed by steady cash accruals against minimal long term debt repayments, surplus cash balances, free fixed deposits and improved working capital management due to improvement in inventory cycle.

About the Company

Incorporated in 1994, Jalnidhi Bitumen Specialities Private Limited (JBSP) is a Kolkata based company, engaged in the manufacturing of bitumen-based products such as cationic bitumen emulsion, Polymer Modified Bitumen (PMB), blown bitumen, Crumb Rubber Modified Bitumen (CRMB) and other bituminous products. The products are mostly used in the construction of highways, roads, bridges, flyovers, airport runways, tunnels and dams. Further, the company also has a service division to undertake job works for waterproofing assignments and others.

JBSP sells its products under the brand name ‘Hind’ and ‘Jai-Hind’ and ‘Hi-Fix’. It has its manufacturing unit located in Haldia, West Bengal and Haryana. The company is currently headed by the promoter director Mr. Sanjay Kumar Dalmia and Mrs. Smriti Dalmia. The company has formed strategic alliances with M/s E.I. Du Pont USA (now owned by Dow Jones) for their polymer “Elvaloy” and with Kraton Polymers, a US-based company, to produce Highly Modified Asphalt (HIMA). The approval of their products by CPWD, PWD, M.E.S., and A.A.I., coupled with widespread use in projects for NHAI, BOT, M.E.S. Runways, World Bank Projects, and various State PWDs through user contractors, underscores JBSP’s credibility and reach in the industry.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken the standalone business and financial risk profile of JBSP while arriving at the rating.

Key Rating Drivers

Strengths

Long operational track record and experienced management

With over three decades of involvement in the production of bitumen emulsion and related products, JBSPL has established a significant presence in the industry. Mr. Sanjay Kr Dalmia, key promoter with over decades of experience, leads the company. Acuite believes that JBSPL's extensive operational history, coupled with the promoters' knowledge and expertise, will contribute to the company's sustained growth and expansion in operations.

Widespread presence in India and technical collaboration with American based chemical companies for value added products

With its headquarters in Kolkata, the company maintains a Pan-India presence, boasting twelve branches strategically located across the country. In addition to the headquarters, the company operates two manufacturing units, one in West Bengal and another in Haryana. Notably, it has established technical collaborations with prominent entities such as M/s E.I. DuPont Ltd (USA) (now acquired by Dow Jones), M/s Kraton Polymer (USA), Honeywell International Inc (USA), and Sasol (South Africa) for supplying value-added bitumen products.

Increase in scale of operations

The operating income stood at Rs. 445.24 Cr in FY24 as against Rs.301.76 Cr in FY23, largely in line with expectations. Further the company achieved ~Rs.352 Cr till December 2024. The company was initially focused on manufacturing bitumen products but faced challenges in exceeding sales with production capacity being limited. The cost of manufacturing Bitumen VG40 3 was high. As a result, the company reduced its production of Bitumen VG40 from 77% to 38% and began importing the product from Dubai, leading to significant cost savings. Additionally, the company ramped up its trading activities to boost sales and entered tie-ups across various regions to expand its footprints. Therefore, despite being in trading activities, the margins are not impacted due to value added products. Additionally, the rise in orders from the road infrastructure sector contributed significantly to the revenue growth.

The EBITDA margin stood at 3.57 percent in FY24 as against 3.49 percent in FY23. The marginal improvement in margin can be attributed to the storage tanks at Haldia Port, which helped overcome expenses. In FY23, JBSPL had a tanker with a capacity of 5000 tonnes, and by mid-FY25, an additional tanker with a capacity of 2500 tonnes were allocated, resulting in reduced freight costs incurred by company since company can store more inventory in single transit from Dubai to Haldia Port.

The PAT margin stood at 1.40 percent in FY24 as against 1.73 percent in FY23. Acuite believes that the diversified product range of the company alongwith logistical benefits with increase storage tankers will help to maintain its turnover and profitability over the medium term.

Above Average Financial Risk Profile

The financial risk profile of the company is above average marked by moderate net worth, increase in gearing and moderate debt protection metrics. The tangible net worth of the company stood at Rs.46.22 Cr as on March 31, 2024, as against Rs.43.40 Cr as on March 31, 2023, due to accretion of reserves. The company's networth has decreased due to buyback of part of equity shares and redemption of Non-Cumulative Optionally Convertible Redeemable Preference Shares. The gearing of the company stood at 1.61 percent as on March 31, 2024, as against 1.12 times as on March 31, 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.03 percent as on March 31, 2024, as against 1.67 times as on March 31, 2023. The debt protection metrics of the company marked by Interest coverage ratio (ICR) of 2.31 times and debt service coverage ratio (DSCR) of 1.55 times for FY2024. The net cash accruals to total debt (NCA/TD) stood at 0.10 times in FY2024. Acuite believes the financial risk profile of the company will remain above average on account of steady network with no major debt funded capex plan over the near term.

Weaknesses

Working capital management

The working capital cycle of the company is moderate marked by gross current asset (GCA) days of 106 days for FY2024 as against 128 days for FY2023. The debtor days of the company stood at 65 days in FY2024 as against 68 days in FY2023. The credit terms with customers are ~60-70 days. Further, the inventory days stood at 21 days in FY2024 as against 49 days in FY2023. Against this, the creditors stood at 16 days in FY2024 as compared to 30 days in FY23. Previously, the company purchased raw materials based on requirements from the refinery. However, since increase in imports from Dubai, payments are made to suppliers in advance, and raw materials transit time is 30 days later. After storage, the materials are unloaded from custom tankers and delivered to customers. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

Rating Sensitivities

- Movement in operating income and profitability margins
- Sustenance of capital structure
- Working capital cycle

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals of Rs. 7.42 Cr. as on March 31, 2024, as against Rs.2.20 Cr long term debt obligations over the same period. The cash and bank balance stood at Rs. 13.20 Cr and free fixed deposits of Rs.1.11 Cr for FY 2024. The current ratio of the company stood comfortable at 1.50 times in FY2024. However, the bank limit of the company has been ~84 percent utilized for the last six months ended in December 2024. Further, working capital operations of the company is moderate marked by high gross current asset (GCA) days of 106 days for FY2024 as compared to 128 days for FY2023. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of moderate cash accruals against term debt repayments, surplus cash balances and absence of any major debt funded capex plans over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	445.24	301.76
PAT	Rs. Cr.	6.22	5.22
PAT Margin	(%)	1.40	1.73
Total Debt/Tangible Net Worth	Times	1.61	1.12
PBDIT/Interest	Times	2.31	2.79

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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. Acuite'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
09 Feb 2024	Letter of Credit	Short Term	3.54	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	1.35	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	18.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	21.70	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	5.15	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	9.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	2.00	ACUITE BBB Stable (Assigned)
27 Dec 2022	Letter of Credit	Short Term	3.54	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	1.35	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	18.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	21.70	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	5.15	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	9.50	ACUITE BBB- 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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.35	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.50	Simple	ACUITE BBB Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.24	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.15	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BBB Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.51	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A3+ Reaffirmed

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