



Siddharth Carbochem Products Limited

ICRA has reaffirmed the long-term rating of [ICRA]BB+ (pronounced ICRA double B plus) assigned to the Rs. 0.75 crore* term loan and Rs. 4.00 crore fund-based limits of Siddharth Carbochem Products Limited (SCPL)†. ICRA has also reaffirmed the short-term rating of [ICRA]A4+ (pronounced ICRA A four plus) assigned to the Rs. 38.25 crore non-fund based limits of SCPL. The outlook on the long-term rating is 'Stable'.

The reaffirmation of the ratings takes into account SCPL's weak financial profile characterized by thin profitability, moderately high gearing level and subdued debt coverage indicators. The ratings also take into consideration SCPL's modest liquidity profile as reflected in consistently high utilization of working capital limits. The ratings also factor in highly competitive business environment and high proportion of revenue from low value added trading business, which limits the improvement in company's profitability. The ratings also take into consideration the susceptibility of the company's profitability and cash flows to adverse fluctuations in prices of raw materials and volatility in exchange rates. The ratings, however, positively consider the long track record of the promoter in the chemical business; established track record of the company in the business of Salicylic Acid and Methyl Salicylate; and its diversified and reputed customer base. ICRA notes that during the last three years the company has registered robust growth in revenues supported by increase in trading sales along with higher production levels.

Company Profile

Established in 1984, Siddharth Carbochem Products Limited (SCPL) is engaged in manufacture and trading of a range of specialty chemicals and bulk drugs. The company is promoted and managed by Mr. Ashesh Jain. The company currently markets three main products viz. Methyl Salicylate (various grades), Salicylic acid & Aspirin (acetyl salicylic acid) catering to the analgesic therapeutic segment, and the flavour & fragrance applications. The company has recently introduced three new products namely, Octyl Salicylate, Octyl Methoxycinnamate, Sodium Salicylate and Homosalate to diversify its products mix and end user segment. The manufacturing facility of SCPL is located in Jalgaon, Maharashtra and is GMP (Good Manufacturing Practices) compliant, approved by FDA (US Food and Drug Administration) and ISO 9001, 14001 & 18001 accredited.

Recent Results

For the year-ended March 31, 2015, the company has recorded Profit after Tax (PAT) of Rs. 0.71 crore on an Operating Income (OI) of Rs. 81.79 crore. During FY 2014, the company has reported a profit after tax of Rs. 0.34 crore on an OI of Rs. 56.3 crore.

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* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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