



Press Release

Chowdhry Rubber and Chemical Private Limited

March 17, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	30.54	IVR BBB-; Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	23.50	IVR A3 (IVR A Three)	Assigned	Simple
Total	54.04 (Fifty Four Crore and Four Lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings (IVR) has assigned long-term rating of IVR BBB- with a Stable outlook and short-term rating of IVR A3 for the bank loan facilities of Chowdhry Rubber and Chemical Private Limited (CRCPL).

The assigned rating takes into account the extensive experience of the promoters, consistent scale of operations, increase in margins and established track record of operations. However, these rating strengths continues to be constrained by Elongated Operating Cycle and Intense competition among the market players.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Any further significant rise in working capital intensity leading to a deterioration in the liquidity position.
- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or deterioration in the financial risk profile.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters and established track record

Mr. Deepak Chaddha is a graduate from Delhi. He has vast experience in the chemical field for more than 40 years. He inherited this business from his father along with his experience and business exposure. In the leadership of Deepak Chaddha, Chowdhry Rubber & Chemical Pvt Ltd is renowned all over India for its product quality and service.

Mr. Anshdeep Chaddha is an M.B.A. professional from London with brilliant skills in marketing and business administration.

The promoters are being assisted by the team of experienced & qualified professionals.

Consistent scale of operations and increase in margins

CRCPL has booked the revenue of INR170.69 crore in FY21 (FY20:INR157.66). This improvement in the revenue is due to companies' recalibration of its performance with the current Covid-19 scenario. Furthermore, in the month of January FY22 firm had order book of INR6.53 crore. Thus, showcasing good order book size.

In 9MFY22, it has booked the revenue of INR176.32 crore (9MFY21:INR104.02). CRCPL has projected to reach TOI of INR235 crore in FY22. Its EBITDA margin stands at 3.94% and PAT margin at 1.40% for FY21.

Key Rating Weaknesses

Elongated Operating Cycle

The Average Collection Period of CRCPL is at a consistent high level as for FY19: 108 days; FY20: 128 days and for FY21: 124 days. Compared to Average Collection Period, the Average Creditors Period stands at FY19: 60 days, FY20: 77days and FY21: 74 days. The Working Capital Cycle has been consistently increasing and standing for FY19 at 75 days, FY20: 89 days and FY21: 90 days.

Intense competition

CRCPL is a trading company dealing in industrial chemical. The spectrum of the chemical trading industry in which the group operates is highly fragmented and



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competitive due to presence of numerous players in India owing to relatively low entry barriers. Strong hold on key customers and effective supply side are key factors for survival of an entity. CRCPL with its strong networking has been able to remain as a strong player in this competitive environment.

Analytical Approach: Standalone

Applicable Criteria

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity – Adequate

CRCPL has adequate liquidity as seen by Gross Cash Accruals of Rs 2.64 Crores in FY21 against repayment obligation of Rs.1.33 crore to Rs.2.01 crore. The working capital limits of the company are utilized to the extent of ~87% during the past 12 months ended November 2021 indicating limited cushion. The current ratio reported by the group is 1.49x in FY21 and expected to be at similar levels during the projected period. The group had cash & bank balance of Rs.0.26 Crores as on March 31, 2021.

About the Company

Chowdhry Rubber & Chemical Private Limited (CRCPL) was founded in 1952 by Late Sr. V.M. Chaddha. later Mr. Deepak Chaddha, pioneered the growth of the company.

CRCPL is in trading line and provides creative sourcing solutions, quality alternative product and personal customer service as a worldwide, full-line chemical distributor. Established national distribution networks and global logistics supply chain relationships ensure prompt and efficient sourcing of raw materials.

They are the main distributors and dealers of various Rubber Chemicals, Carbon, Pigments and Specialty Chemicals. Their head office is at Delhi and Branches located at New Delhi, Bahadurgarh (Haryana), Faridabad (Haryana), & Ghaziabad (Western UP), Bhiwadi (Rajasthan), Aluva (Kerala), Chennai (Tamil Nadu), Bangalore (Karnataka).



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Financials (Standalone):

(Rs. Crore)

For the year ended* / As on	31-Mar-20	31-Mar-21
	Audited	Audited
Total Operating Income	157.66	170.69
EBITDA	6.12	6.72
PAT	2.21	2.39
Total Debt	29.71	29.34
Tangible Net Worth	21.74	23.89
EBIDTA Margin (%)	3.88	3.94
PAT Margin (%)	1.4	1.4
Overall Gearing Ratio (x)	1.37	1.23

*Classification as per Infomerics` standards

Status of non-cooperation with previous CRA: Issuer not cooperating CRISIL, vide press release dated 30th January 2022 due to non-availability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based	Long Term	30.54	IVR BBB-/ Stable (Assigned)	-	-	-
2.	Non Fund Based	Short Term	23.50	IVR A3 (Assigned)	-	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange



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Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL	-	-	Sep 2024	2.79	IVR BBB- / Stable Outlook
GECL Extension	-	-	Nov 2026	2.85	IVR BBB- / Stable Outlook
BBG TL	-	-	-	0.90	IVR BBB- / Stable Outlook
OCC/ODBD	-	-	-	19.00	IVR BBB- / Stable Outlook



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Cash Credit	-	-	-	5.00	IVR BBB- / Stable Outlook
ILC/FLC	-	-	-	17.00	IVR A3
Letter of Credit	-	-	-	5.00	IVR A3
Bank Guarantee	-	-	-	1.50	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/CRCPL-lenders-mar22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.