Indchem Marketing Agencies

May 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	8.51	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Ind Chem Marketing Agencies (ICM) is constrained by small scale of operations, working capital intensive business, partnership nature of business, intense competition and cyclical nature of leather industry. However, ratings derive benefits from the vast experience of promoters in leather chemical industry and long-standing relationship with suppliers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent improvement in scale of operations above ₹70.00 crore while maintaining Profit before interest, lease, depreciation and tax (PBILDT) margin above 10.00%.
- Improvement in gross operating cycle period to below 160 days.

Negative factors

- Withdrawal of capital leading to increase in overall gearing above 1.50x.
- Elongation in average collection period to above 270 days leading to tightening of liquidity position.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that the firm is likely to sustain its financial and operational performance in the medium-term, deriving benefit from the extensive experience of the promoters in the leather chemical industry.

Detailed description of the key rating drivers

Key weaknesses

Small scale of operations

ICM has small scale of operations, with its total operating income (TOI) ranging between ₹13.70 - ₹27.58 crore over the last five years, ending FY24. It has reported PBILDT margin of ~11.66% during this period. ICM's product portfolio primarily consists of three categories of chemicals: Wet-End Chemicals, Beamhouse Chemicals and Finishing Chemicals. The firm supplies its products directly to tanneries and leather manufacturers; most of whom are export oriented.

Working capital intensive nature of business

ICM's operations are working capital intensive due to the trading nature of its business and the elongated operating cycle of its customers, tanneries and leather manufacturers. The firm provides a credit period of up to 270 days to its longstanding customers. In FY24, the operating cycle elongated to 241 days (PY: 211 days) owing to an increase in average collection days to 237 days (PY:204 days).

Intense competition and cyclical nature of leather industry

ICM operates in a highly competitive and cyclical industry, facing intense competition from both organised and largely unorganised players, which puts pressure on pricing and extends operating cycle days. The leather industry is closely tied to economic cycles; during downturns, reduced disposable income leads to lower consumption of leather products. This, in turn, affects leather goods production and reduces the demand for leather chemicals.

Partnership nature of Constitution with inherent risk of withdrawal of capital

Constitution as a partnership has the inherent risk of the possibility of withdrawal of the capital at the time of personal contingency which can adversely affect its capital structure. Furthermore, partnership firms have restricted access to external borrowings as the credit worthiness of the partners would be key factors affecting credit decision for the lenders.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Extensive experience of promoters in the same line of business

The group, founded by Manekchand Lal Vasa, is in this business since 1954. Currently the day-to-day operation is managed by Narendra Vasa, son of Manekchand Vasa assisted by his son Anikt Vasa, with over 3 decades of experience in leather chemicals industry.

Long standing relationship with reputed suppliers

The group started its operations in 1954. Over the years, it has built strong relationships with both suppliers and customers. It mainly distributes products from Stahl Corporation, which holds ~75% market share in Wet-End Chemicals in India. The firm also works with other well-known suppliers like BASF Corporation (since 1965), Dow Chemicals, and Nerofix from the Nerolac Kansai Group. These long-term partnerships have helped the firm maintain a steady and reliable supply chain.

Liquidity: Stretched

The liquidity position of the firm stood stretched as marked by moderate cash accruals of ₹1.25 crore and high utilization of working capital limits. The average utilization of the working capital facilities over the last 12 months ending February 2025 stood high at ~93%. The cash and bank balance of ₹0.24 crore (PY: ₹0.10 crore) on March 31, 2024. The operating cycle of the firm stood elongated at 241 days in FY24.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Wholesale Trading

About the entity and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Commodities	Chemicals	Chemicals and Petrochemicals	Trading - Chemicals

The firm was founded by Maneklal Zaverchand Vasa in 1954 in the name Indchem Marketing Corporation which later reconstituted as Indchem Marketing Agencies in 2017. The firm is engaged in trading of leather chemicals of leading chemical manufacturers such as Stahl Corporation, BASF, Dow Chemicals and others. The business is currently managed by his son, N.M. Vasa, and grandson, Ankit Vasa.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (UA)
Total operating income	31.20	27.54	26.48
PBILDT	4.39	2.73	2.66
PAT	2.67	0.91	NA
Overall gearing (times)	0.55	0.65	NA
Interest coverage (times)	2.79	1.63	NA

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	8.30	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	January 31, 2026	0.21	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	8.30	CARE BB; Stable				
2	Fund-based - LT-Term Loan	LT	0.21	CARE BB; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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