J.D. Talc

November 23, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	5.16	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; ISSUER NOT COOPERATING*; (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)
Total Bank Facilities	**5.16 (Rs. Five Crore and Sixteen Lakhs Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 26, 2019 placed the rating(s) of J.D. Talc (JDT) under the 'issuer non-cooperating' category as JDT had failed to provide information for monitoring of the rating. JDT continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated September 30, 2020 and September 29, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating has been revised on account of non-availability of information due to non-cooperation by J.D. Talc with CARE'S efforts to undertake a review of the rating outstanding. CARE views information non-availability risk as a key factor in its assessment of credit risk. Further, the rating takes into account small scale of operations, leveraged capital structure and moderate debt coverage indicators, moderate liquidity position and susceptibility of profit margins to raw material price volatility risk and foreign exchange fluctuation risk. The rating, however, continues to draw comfort from experienced promoters and moderate profitability margins.

Detailed description of the key rating drivers

At the time of last rating on September 26, 2019, the following were the rating weaknesses and strengths:

Key Rating Weaknesses

Small scale of operations

Despite healthy growth of 32.87% reported during FY17 by the firm in its TOI, overall scale of operations stood small at Rs.12.61 crore.

Leveraged capital structure and moderate debt coverage indicators

The capital structure of the firm stood leveraged marked by an overall gearing ratio of 3.27 times as on March 31, 2017. However, debt coverage indicators stood moderate marked by TD/GCA of 8.10 times as on March 31, 2017 on account of moderate level of gross cash accruals against that of its debt level while Interest coverage stood at 2.02 times during FY17 on account of higher PBILDT and lower interest expenses.

Moderate Liquidity position

Liquidity position stood moderate marked by current ratio of 1.06 times as on March 31, 2017 while operating cycle stood at 79 days during FY17. The firm has availed moratorium period for interest servicing from March- August 31, 2020 as per RBI guidelines as a Covid-19 relief measure.

Susceptibility of profit margins to raw material price volatility risk and foreign exchange fluctuation risk

JD's main raw material is soap stone lumps and it procures these raw materials from its associate firm J D Minerals which is engaged in mining of soap stone lumps and also procures from the domestic market. Any adverse fluctuation in the material prices is likely to impact the profit margins of JD. JD is also engaged into export where they export to South Korea. Exports stood at Rs.3.30 crore in FY17 which is 26% of TOI of FY17. In absence of any active hedging policy, the firm is exposed to foreign exchange rate fluctuation.

Key Rating Strengths
Experienced promoters
Mr. Rajendra Singh Daffoti holds total experience of fourteen years in chemical industry through his association with J D Minerals as a Proprietor. Other two partners also hold moderate experience of four years in same line of business.

Moderate profit margins
Overall profit margins stood moderate as marked by PBILDT margin of 7.94% and PAT margin of 2.17% during FY17.

Analytical approach: Standalone

Applicable Criteria
[Policy in respect of Non-cooperation by issuer]
[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings]
[CARE's Policy on Default Recognition]
[Financial ratios – Non-Financial Sector]
[Liquidity Analysis of Non-Financial Sector Entities]
[Rating Methodology - Manufacturing Companies]

About the Firm
Haldwani (Nainital) –based J.D. Talc (JD) is a partnership firm established in 2013 by Mr. Rajendra Singh Daffoti. JD is engaged into micronizing and supply of soap lumps and powder and operates from its ISO 9001:2015 certified facility. These products have application in making of paper, paints and coating, polyester putties, pharmaceuticals, plastics and rubber, cosmetics. J D Minerals is an associate firm which is promoted by Mr. Rajendra Singh Daffoti in 2004 which is engaged into mining of soap stone lumps and powder.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	9.49	12.61
PBILDT	0.88	1.00
PAT	0.09	0.27
Overall gearing (times)	5.77	3.27
Interest coverage (times)	1.66	2.02

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.66	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	4.50	CARE B-; Stable; ISSUER NOT COOPERATING*

**Issuer not cooperating; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	0.66	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (26-Sep-19)	1)CARE B; Stable; ISSUER NOT COOPERATING* (08-Jan-19)	1)CARE B+; Stable (18-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	4.50	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (26-Sep-19)	1)CARE B; Stable; ISSUER NOT COOPERATING* (08-Jan-19)	1)CARE B+; Stable (18-Dec-17)

**Issuer not cooperating; Based on best available information*

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

Annexure-4: Complexity level of various instruments rated for this firm

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

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Contact us

Media Contact
Mradul Mishra
Contact no.: +91-22-6837 4424
Email ID: mradul.mishra@careratings.com

Analyst Contact
Mr. Achin Nirwani
Contact no.: +91- 11-4533 3233
Email ID: achin.nirwani@careratings.com

Relationship Contact
Ms. Swati Agrawal
Contact no.: +91-11-4533 3200
Email ID: swati.agrawal@careratings.com

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**