



SMERA RATINGS LIMITED

Jayashree Electron Private Limited (JEPL)

*Rating
Rationale*

August 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.80	SMERA BB+/Stable (Assigned)
Term Loan	3.98	SMERA BB+/Stable (Assigned)
Letter of Credit	0.50	SMERA A4+(Assigned)
Bank Guarantee	2.00	SMERA A4+ (Assigned)
Proposed Term Loan	3.00	SMERA BB+/Stable (Assigned)
Proposed Bank Guarantee	1.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.14.28 crore bank facilities of Jayashree Electron Private Limited (JEPL). The outlook is '**Stable**'. The ratings draw support from the comfortable financial risk profile and liquidity position apart from the extensive experience of the management in the electronic industry. However, the ratings are constrained by the company's modest scale of business and working capital intensive nature of operations.

Outlook: Stable

SMERA believes the outlook on JEPL's rated facilities will remain stable on account of its experienced management and established track record in the electronic industry. The outlook may be revised to 'Positive' in case JEPL is able to achieve sustained growth in revenue and profitability while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile on account of stretched working capital cycle or higher-than-expected increase in debt-funded working capital requirements.

Rating sensitivity factors

- Scaling operations while maintaining adequate profitability on sustainable basis
- Working capital management

About the Company

JEPL, incorporated in 1982, is a Pune-based company that manufactures soft starters and switches (proximity and electronic speed). The company is promoted by Mr. R. P. Bapat and Mr. D. G. Dabke who possess more than four decades of experience in the electronic industry.

JEPL reported profit after tax (PAT) of Rs.1.15 crore on operating income of Rs.24.26 for FY2014-15 as compared to PAT of Rs.2.09 crore on operating income of Rs.27.68 crore for FY2013-14. JEPL's

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net worth stood at Rs.13.92 crore as on March 31, 2015, as compared with Rs.13.31 crore as on March 31, 2014.

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