

August 24, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA BB/Stable (Assigned)
Term Loan	6.00	SMERA BB/Stable(Assigned)
Letter of Credit	10.00	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB**' (read as SMERA double B) and short-term rating of '**SMERA A4+**'(read as SMERA A four plus)to the Rs.24.00 crore bank facilities of Japtech Industries (JI). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management, healthy financial risk profile marked by comfortable gearing and interest coverage ratioand reputed clientele. However, the rating is constrained by the firm's modest-scale of operations along with declining revenue, working capital intensive operations and high dependence on the automobile sector.

Outlook: Stable

SMERA believes JI's outlook will remain stable over the medium term on the back of healthy business prospects supported by reputed clientele and experienced management. The outlook may be revised to 'Negative' in case of significant decline in revenue and profitability or deterioration in the firm's capital structure. Conversely the outlook may be revised to 'Positive' in case the firm achieves sustained growth in revenues and profit margins with substantial improvement in capital structure.

About the Firm

Japtech Industries (JI), was established in 1988 as a partnership firm by Mr. Naresh Agarwal, Ms. Sunita L. Agarwal, Mr. Aman Agarwal and Ms. Poonam M Mittal. The firm is engaged in manufacturing of auto sheet metal press components used in commercial vehicles. The firm caters to Tata Motors, Mahindra & Mahindra, Piaggio, AMW Motors and so on.

The firm reported net profit of Rs.1.37 crore on operating income of Rs.85.56 crore for FY2013-14, as compared with net profit of Rs.2.43 crore on operating income of Rs.132.74 crore in FY2012-13. The firm registered revenues of Rs.94.00 crore (provisional) for FY2014-15.

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