

Press Release

March 27, 2017

Jaylon Impex India Private Limited

Rating Reaffirmed

Total Bank Facilities Rated *	Rs.96.00 Cr. #
Long Term Rating	SMERA BB/Outlook: Stable
Short Term	SMERA A4+

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 96.00 crore bank facilities of Jaylon Impex India Private Limited. The outlook is '**Stable**'.

Jaylon Impex India Private Limited (JIPL) is a Mumbai-based company, incorporated in 1991. Promoted by Mr. Jai Kaushik and Mr. Karan Kaushik, the company trades in textile, chemicals, dry fruits among others.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

JIPL benefits from its long track record of operations. The Director, Mr. Jai Kaushik has over 35 years of experience in the textile trading industry. Thus, the company has been able to forge long lasting relationships with its customers and suppliers.

- **Moderate financial risk profile**

The financial risk profile of JIPL is marked by low gearing of 0.81 times and low coverage indicators which stands at 1.31 times in FY2016. The Interest free unsecured loans to the tune of Rs.14.63 cr have been treated as quasi equity. The TOL/TNW stand high at 6.06 times. The company has net cash accruals of Rs.0.81 cr for FY2016. The tangible net worth stood at 25.65 cr for FY2015-16 as against Rs.16.92 cr for FY2014-15.

Weaknesses

- **Thin profit margins**

JIPL, a trader in textiles has been operating on thin EBITDA margins. The net profit is largely supported by non-operating income received through interest on FD. The company maintains FD against margin money for its letter of credit/buyers' credit. As on March 31, 2016, JIPL has Rs.13.90 cr of FD against margin money.

• Competitive and highly fragmented industry

JIIPL operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits the bargaining power with customers.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of Jaylon Impex India Private Limited (JIIPL) to arrive at the rating.

Outlook: Stable

SMERA believes that JIIPL will continue to benefit over the medium term from its established presence in the commodity trading industry and experienced management. The outlook may be revised to Positive if the company's scale of operations increases substantially, while also improving its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

JIIPL is a Mumbai-based company, incorporated in 1991 by Mr. Jai Kaushik and Mr. Karan Kaushik. The company is engaged in the trading of textile, chemicals, dry fruits, edible oils, etc. The company reported profit after tax (PAT) of Rs. 0.81 cr on net sales of Rs.376.02 cr in FY2016 as against PAT of Rs.0.76 cr on net sales of Rs.352.34 cr in FY2015. The net worth stood at Rs. 25.65 cr as on March 31, 2016 compared to Rs.16.92 cr as on March 31, 2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
06-Oct-2015	Cash Credit	Long Term	INR 1	SMERA BB / Stable
	Inland/Import LC	Short Term	INR 95	SMERA A4+

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BB / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	60.00**	SMERA A4+
Letter of credit	Not Applicable	Not Applicable	Not Applicable	20.00^	SMERA A4+
Letter of credit	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA A4+

** Includes Sublimit of Rs. 25.00 crore for availing Buyers Credit

^Sublimit of Rs. 1.00 crore for Cash Credit

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head –Ratings Operations, Tel: 022-67141190 Email: vinayak.nayak@smera.in Namita Palve Rating Analyst Tel: 022-67141227 namita.palve@smera.in	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

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