



SMERA RATINGS LIMITED

J.D. Industries (India) Limited (JDIL)**Rating
Rationale****August 28, 2014**

Facilities	Amount (Rs. Crore)	Rating
Working Capital Term Loan	9.01	SMERA D (Assigned)
Working Capital Term Loan	6.00	SMERA D (Assigned)
Working Capital Term Loan	4.00	SMERA D (Assigned)
Cash Credit	16.00	SMERA D (Assigned)

SMERA has assigned a rating of '**SMERA D' (read as SMERA D)** to the Rs.35.01 crore bank facilities of J.D. Industries (India) Limited (JDIL). The rating reflects delays in repayment of term loan by the company. The rating also reflects the company's stretched liquidity position and weak financial risk profile. The rating is constrained by decline in the company's operating income and profitability in FY2012-13 (refers to financial year, April 01 to March 31).

JDIL, incorporated in 1994, is a Delhi-based company engaged in manufacturing of pipes. JDIL's term loan statements reflect delays in repayment. The company's stretched liquidity position is marked by continuous overdrawing (exceeding 30 days) in cash credit account during January 2014 to March 2014. JDIL's weak financial risk profile is reflected in high gearing (debt-equity ratio) of 2.57 times as on March 31, 2013 and weak interest coverage ratio of 0.16 times in FY 2012-13.

JDIL's operating income declined from Rs.139.12 crore in FY2011-12 to Rs.82.80 crore in FY2012-13; moreover, the company's operating profit declined from Rs.3.86 crore to Rs.0.27 crore during the same period. JDIL faces intense competition from several players in the cables and pipes industry. The company's profit margins are susceptible to volatility in prices of raw materials.

Rating sensitivity factors

- Curing of default
- Sustained growth in revenues and profitability
- Timely servicing of debt obligations
- Efficient working capital management

About the company

JDIL, incorporated in 1994, is a Delhi-based company promoted by Mr. Janardan Gupta. JDIL is engaged in manufacturing of polyvinyl chloride (PVC) pipes and mild steel electric resistance

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SMERA RATINGS LIMITED

J.D. Industries (India) Limited (JDIIL)**Rating
Rationale**

welding (MS ERW) tubes and pipes. The company's three manufacturing units are located in Ghaziabad (Uttar Pradesh), Bhiwadi (Rajasthan) and Siliguri (West Bengal).

For FY2012-13, JDIIL reported net loss of Rs.2.42 crore on operating income of Rs.82.80 crore, as compared with profit after tax of Rs.1.20 crore on operating income of Rs.139.12 crore in FY2011-12. The company's net worth stood at Rs.10.81 crore as on March 31, 2013, as compared with Rs.13.23 crore a year earlier.

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