

October 26, 2015

Facilities	Amount (Rs. Crore)	Rating
Working Capital Term Loan	9.01	SMERA B/Stable (Upgraded from SMERA D)
Working Capital Term Loan	6.00	SMERA B/Stable (Upgraded from SMERA D)
Working Capital Term Loan	4.00	SMERA B/Stable (Upgraded from SMERA D)
Cash Credit	16.00	SMERA B/Stable (Upgraded from SMERA D)

SMERA has upgraded the long-term rating of the Rs.35.01 crore bank facilities of J.D. Industries (India) Limited (JDIIL) to '**SMERA B**' (read as **SMERA B**) from SMERA D (read as SMERA D). The outlook is '**Stable**'.

Update

The rating upgrade is in view of timely servicing of debt by the company since June, 2014. The rating upgrade also takes into account improvement in profitability and leverage (Debt-Equity). The company continues to benefit from its experienced management. Mr. J. D Gupta, Managing Director has more than three decades of experience in the company's line of business. However, on the business front, the scale of operations of the company continues to remain modest evident from the operating income of Rs.81.14 crore in FY2014-15. Further the rating is constrained due to the deterioration in the working capital cycle to 95 days in FY2014-15 as compared to 87 days in FY2013-14.

Outlook: Stable

SMERA believes that the company will maintain its stable business risk profile owing to the management's extensive experience in the line of business. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations
- Improvement in the financial risk profile

About the Company

JDIIL, incorporated in 1994, is a Delhi-based company promoted by Mr. J. D Gupta. The company is engaged in the manufacture of polyvinyl chloride (PVC) pipes and mild steel electric resistance welding (MS ERW) tubes. The company's three manufacturing units are located in Ghaziabad (Uttar Pradesh), Bhiwadi (Rajasthan) and Siliguri (West Bengal).

For FY2014-15, JDIIL reported net profit of Rs.1.25 crore on operating income of Rs.81.14 crore, as compared with net loss of Rs.1.75 crore on operating income of Rs.101.15 crore in FY2013-14. The company's net worth stood at Rs.10.30 crore as on March 31, 2015, as compared with Rs.9.06 crore a year earlier.

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