

Press Release

Jai Balaji Jyoti Steels Limited

15 January, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 62.97 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term and short term rating of '**SMERA D**' (**read as SMERA D**) on the Rs.62.97 crore bank facilities of JAI BALAJI JYOTI STEELS LIMITED.

The Kolkata-based Jai Balaji Jyoti Steels Ltd (JBJS), part of the Jai Balaji group was incorporated in 2003 by Mr Jajodia and family. The company manufactures sponge iron and MS ingots/billets at Sundargarh, Orissa. The installed capacity stands at 125000 MTPA and 111000 MTPA respectively.

Key Rating Drivers

Strengths

- **Experienced management**

Mr Jajodia and family have over two decades of experience in the iron and steel industry. The group has established presence in the steel sector in eastern India with manufacturing facilities across the region.

Weaknesses

- **Delays in servicing debt obligation:**

There have been delays in servicing of debt obligations during the last three months for around 30 days. The liquidity position of the company is stretched evident from the fully utilised cash credit limit during the last six months ended 30 November, 2017.

Weak financial risk profile: The weak financial risk profile is marked by moderate net worth, high gearing and low debt protection metrics. The net worth stood at a moderate Rs.26.32 crore in FY2017, a decline from Rs 25.17 crore in FY2016, mainly on account of loss in the current year. The gearing stood high at 6.92 times as on 31 March, 2017 as it increased from 4.53 times in FY2016, mainly due to increase in long term unsecured loan. The Interest Coverage Ratio (ICR) stood at a low of 0.52 times while the company registered Debt Service Coverage Ratio (DSCR) of 0.77 times in FY2017. The net cash accruals against total debt has been low at negative 0.03 times in FY2017.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of the entity.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	212.47	120.46	178.01
EBITDA	Rs. Cr.	-11.43	-32.44	4.00
PAT	Rs. Cr.	-8.97	-25.49	0.51
EBITDA Margin	(%)	-5.38	-26.93	2.24
PAT Margin	(%)	-4.22	-21.16	0.29
ROCE	(%)	4.13	-6.60	8.86
Total Debt/Tangible Net Worth	Times	6.92	4.53	2.75
PBDIT/Interest	Times	0.52	-0.44	1.64
Total Debt/PBDIT	Times	15.68	-15.64	10.77
Gross Current Assets (Days)	Days	454	705	468

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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. Crore)	Ratings/Outlook
26-Sep-2017	Cash Credit	Long Term	INR 38	SMERA D
	Cash Credit	Long Term	INR 7.97	SMERA D
	Cash Credit	Long Term	INR 10	SMERA D
	Letter of Credit	Short Term	INR 5	SMERA D
	Bank Guarantee	Short Term	INR 2	SMERA D
19-Aug-2016	Cash Credit	Long Term	INR 55.97	SMERA D
	Letter of Credit	Short Term	INR 5	SMERA D
	Bank Guarantee	Short Term	INR 2	SMERA D

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	38.00	SMERA D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.97	SMERA D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA D (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA D (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA D (Reaffirmed)

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