

## Press Release

### Jai Balaji Jyoti Steels Limited

January 31, 2019

### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 62.97 Cr.
<b>Long Term Rating</b>	ACUITE D (Reaffirmed)
<b>Short Term Rating</b>	ACUITE D (Reaffirmed)

\* Refer Annexure for details

## Rating Rationale

Acuite has reaffirmed the long term rating at '**ACUITE D**' (read as **ACUITE D**) and short term rating to '**ACUITE D**' (read as **ACUITE D**) to the Rs.62.97 crore of bank facilities of Jai Balaji Jyoti Steels Limited.

Jai Balaji Jyoti Steels Ltd (JBJS), part of the Jai Balaji group was incorporated in 2003 by Mr Jajodia and family of Kolkata. The company manufactures sponge iron and MS ingots/billets at Sundargarh, Orissa. The installed capacity stands at 120000 MTPA and 111450 MTPA respectively for sponge iron and ingots.

### Analytical Approach:

Acuite has taken a standalone view of the business and financial risk profile of JBJS to arrive at the rating.

### Key Rating Drivers:

#### Strengths

##### Experienced management and long track record of operation

Mr Jajodia and family have over two decades of experienced in the iron and steel industry. The group has established presence in the steel sector in eastern India.

#### Weaknesses

##### Delays in servicing debt obligation

The company has been delaying on its payment of interest obligations and the amount of interest for the month of December 2018 is unpaid.

##### Weak financial risk profile

The financial risk profile of the company is marked by moderate networth, high gearing and weak debt protection metrics. JBJS has a moderate net worth base of Rs 20.08 crs as on 31st March'2018 as compared to Rs 26.32 crore in FY2017 which is mainly due to the loss of Rs. 6.24 crore in current year. The gearing of the company stood high at 9.03 times in FY2018 as compare to 6.95 times in previous year. The total debt of Rs.181.03 crore is consist of long term debt of 46.35 crore, short term debt of Rs.56.59 crore and unsecured loan from promoters of Rs.77.06 crore in FY2018. The interest coverage stood moderate at 1.64 times in FY2018 as compared to 0.52 times in FY2017 and low DSCR of 0.91 times as on 31st March 2018 as compared to 0.64 times in the previous year.

#### Liquidity Position

JBJS has cash credit limits of Rs. 55.97 crore which have been fully utilized in the past six months ending December 2018. There have been overdrawals in their CC account on the month ends due to interest application which are regularized within 10 to 15 days. The overdrawals are mainly due to stretched liquidity.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	376.09	212.47	120.46
EBITDA	Rs. Cr.	1.92	(11.43)	(32.44)
PAT	Rs. Cr.	(6.24)	(8.97)	(25.49)
EBITDA Margin	(%)	0.51	(5.38)	(26.93)
PAT Margin	(%)	(1.66)	(4.22)	(21.16)
ROCE	(%)	4.72	4.11	(6.70)
Total Debt/Tangible Net Worth	Times	9.03	6.95	4.66
PBDIT/Interest	Times	1.64	0.52	(0.44)
Total Debt/PBDIT	Times	12.07	15.73	(16.09)
Gross Current Assets (Days)	Days	229	454	705

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

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
15-Jan-2018	Cash Credit	Long Term	38.00	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	7.97	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE D (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	2.00	ACUITE D (Reaffirmed)
26-Sep-2017	Cash Credit	Long Term	38.00	ACUITE D (Indicative)
	Cash Credit	Long Term	7.97	ACUITE D (Indicative)
	Cash Credit	Long Term	10.00	ACUITE D (Indicative)
	Letter of Credit	Short Term	5.00	ACUITE D (Indicative)
	Bank Guarantee	Short Term	2.00	ACUITE D (Indicative)
19-Aug-2016	Cash Credit	Long Term	55.97	ACUITE D (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE D (Assigned)

	Bank Guarantee	Short Term	2.00	ACUITE D (Assigned)
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**\*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	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.97	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE D (Reaffirmed)

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**About Acuité Ratings & Research:**

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