

## Press Release

### Jbj Technologies Limited

February 27, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 20.00 Cr.
<b>Long Term Rating</b>	SMERA B+ / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 20.00 crore bank facilities of Jbj Technologies Limited. The outlook is '**Stable**'.

JBj Technologies, established in 1996 by Mr. Sanjay Prakash and Ms. Anjali Gujral is engaged in the manufacturing of moulds. The company has five injection moulding machine with manufacturing capacity of 80 per cent. The company caters to reputed clients including SC Johnson, Kent Ro etc.

### Key Rating Drivers

#### Strengths

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

JBj was incorporated in 1996. The promoters Mr. Sanjay Prakash and Ms. Anjali Gujral possess over two decades experience in the engineering industry.

#### Weaknesses

- **Weak financial risk profile**

The company has weak financial risk profile marked by muted revenue growth of Rs.37.06 cr in FY2016 as compared to Rs.35.67 cr in the previous year. The operating margin declined to 10.01 percent in FY2015-16 as compared to 11.28 per cent in FY2014-15. The company has moderate debt-to-equity at 1.53 times as on 31 March 2016 against 1.50 times in FY2014-15. The promoters have infused capital of Rs.0.30 cr in FY2015-16.

- **Stretched liquidity and weak debt service coverage**

The company has stretched liquidity (bank limit utilisation of 98 per cent). JBj has weak debt service coverage ratio at 0.85 times in FY2015-16 against 0.90 times in the previous year on account of high debt repayment obligations.

- **Susceptibility of profit margins to raw material prices**

The profit margins are susceptible to fluctuations in the raw material prices of steel and polymers.

- **Intense competition**

The company faces intense competition from various players in India and overseas which is likely to impact operating performance and profitability.

#### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

#### Outlook: Stable

SMERA believes JBJ will continue to maintain a stable outlook over the medium term owing to its established market position and experienced management. The outlook may be revised to Positive in case the company registers sustainable revenue growth while maintaining profit margins or registering improvement in debt service coverage ratio. Conversely, the outlook may be revised to Negative in case of deterioration in the financial risk profile and liquidity position.

#### About the Rated Entity - Key Financials

For FY2015-16, the company reported profit after tax (PAT) of Rs.0.40 cr on operating income of Rs.37.06 cr, as compared with PAT of Rs.0.40 cr on operating income of Rs.35.67 cr in FY2014-15. The net worth stood at Rs.8.69 cr (including quasi equity of Rs.2.46 crore) as on 31 March, 2016 against Rs.7.77 cr (including quasi equity of Rs.2.24 cr) a year earlier.

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

None

#### Any other information

None

#### 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)

Not Applicable

#### \*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	6.25	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA B+ / Stable
Working capital demand loan (WCDL)	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B+ / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4
Proposed	Not Applicable	Not Applicable	Not Applicable	8.50	SMERA B+ / Stable

#### Contacts

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### ABOUT SMERA

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