

## Press Release

### JBJ Technologies Limited

May 08, 2018



### Rating Reaffirmed and Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 20.00 crore
<b>Long Term Rating</b>	SMERA B+/ Outlook:Stable (Reaffirmed and assigned)
<b>Short Term Rating</b>	SMERA A4 (Reaffirmed and assigned)

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed the 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.11.75. crore bank facilities of JBJ Technologies Limited. Further, SMERA has also 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 Rs. 8.25crore bank facilities. The outlook is '**Stable**'.

Delhi-based, JBJ Technologies Limited (JBJT) was established in 1996 by Mr. Sanjay Prakash and Ms. Anjali Gujral. The company is engaged in the designing and manufacturing of high precision moulds and manufacturing of plastic moulds through injection moulding (manufactures outer plastic body of the products). Further JBJT caters to reputed clients in automotive and non-automotive industries like Autoliv, Rickitt Benckiser, and Amway to name a few.

### Key rating drivers

#### Strengths

##### **Long track record of operations and experienced management:**

The promoters possess over two decades of experience in the engineering industry. The company has been in the aforementioned line of business since incorporation which has resulted in establishing healthy relationship with customers and suppliers.

##### **Improving revenue and profitability:**

The revenue of the company has been improved to Rs.43.20 crore in FY2017 from Rs.37.06 crore in the previous year. The operating margin improved to 10.28 percent in FY2016-17 as compared to 10.01 percent in FY2015-16. Further, the revenue booked for the period April 2017 to February 2018 is Rs. 70.74 crore. However EBITDA margins are expected to decline due to fluctuation in raw material prices.

### Moderate financial risk profile

The company has moderate financial risk profile marked by net worth of Rs.9.38 crore as on 31 March, 2017 compared to Rs.8.69 as on 31 March, 2016. The gearing stood comfortable at 1.58 times as on 31 March, 2017 as against 1.53 times as on 31 March, 2016. The DSCR improved from 0.85 times for FY 15-16 to 1.14 times for FY 16-17 and ICR Improved from 2.30 times for FY 15-16 to 2.90 times for FY16-17.

### Weaknesses

#### Susceptibility of profit margins to raw material prices:

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

#### Intense competition:

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

### Analytical approach:

SMERA has considered standalone business and financial risk profiles of JBJT to arrive at the rating.

### Outlook – Stable

SMERA believes that JBJT 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 maintains comfortable gearing while maintaining its profit margins or 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

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	43.20	37.06	35.67
EBITDA	Rs. Cr.	4.44	3.71	4.02
PAT	Rs. Cr.	0.67	0.40	0.40
EBITDA Margin	(%)	10.28	10.01	11.28
PAT Margin	(%)	1.55	1.09	1.13
ROCE	(%)	11.36	9.98	11.20
Total Debt/Tangible Net Worth	Times	1.58	1.53	1.50
PBDIT/Interest	Times	2.90	2.30	2.07
Total Debt/PBDIT	Times	3.31	3.69	3.19
Gross Current Assets (Days)	Days	156	152	162

### Any other information:

None

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>

**Note on complexity levels of the rated instrument**
<https://www.smera.in/criteria-complexity-levels.htm>
**Status of non-cooperation with previous CRA (if applicable):**

ICRA vide its press release dated Oct 04, 2017 has denoted the rating of JBJ Technologies Limited as “[ICRA]B (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING” on account of lack of adequate information required for monitoring of ratings. The earlier rating, however, stood at ‘[ICRA]B and [ICRA]A4’ vide its press release dated April 05, 2017.

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
27 Jan, 2017	Cash Credit	LT	6.25	SMERA B+ / Stable (Assigned)
	Term Loan	LT	1.00	SMERA B+ / Stable (Assigned)
	Term Loan	LT	2.50	SMERA B+ / Stable (Assigned)
	Working capital demand loan (WCDL)	LT	1.00	SMERA B+ / Stable (Assigned)
	Letter of credit	ST	0.75	SMERA A4 (Assigned)
	Proposed	LT	8.50	SMERA B+ / Stable (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	6.25*	SMERA B+/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.83	SMERA B+/Stable (Reaffirmed)
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	2.00**	SMERA A4 (Assigned)
Proposed	Not Applicable	Not Applicable	Not Applicable	9.92	SMERA B+/Stable (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00***	SMERA A4 (Reaffirmed)

\*Sublimit facilities include WCDL- Rs. 5.00 crore; Bank Guarantee(1)Rs. 5.00 crore; Import invoice financing(1)- Rs. 6.25 crore

\*\*Sublimit facilities include Export bill Discounting facility (2)- Rs. 2.00 crore; Import invoice financing(2)-Rs. 2.00 crore; Export invoice financing(2)- Rs. 2.00 crore

\*\*\*sublimit facility is Bank Guarantee (1) Rs. 0.50 crore

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**ABOUT SMERA**

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