

Press Release

Bdj Oxides Private Limited

April 04, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	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. 14.00 crore bank facilities of Bdj Oxides Private Limited. The outlook is '**Stable**'.

BDJ Oxides Private Limited (BOPL), established in 2011 is engaged in the manufacturing of zinc oxide. The company commenced commercial operations in April 2016 and has installed capacity of 7200 MTPA.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr Anirudh Jhunhunwala and Mr Anuj Jhunhunwala are engaged in the manufacturing of zinc oxide at Howrah, West Bengal through J.G Chemicals Pvt Ltd. The promoters belong to the Jhunhunwala group (BDJ Group), with extensive experience across various industries including glass, glassware and chemicals.

- **Established relationship with customers and suppliers**

BOPL benefits from its established relationship with customers and suppliers of its group company - Hindusthan Zinc Limited. The company caters to MRF Tyres Ltd, Ceat Tyres Limited to name a few.

Weaknesses

- **Modest scale of operations**

The company earned revenue of Rs 15 cr till January 2017 (Provisional). BOPL utilises around 25 per cent of its installed capacity (7200 mtpa). However, SMERA believes that this is expected to improve over the medium term with stabilisation of operations.

- **Moderate capital structure**

The moderate financial risk profile is marked by high gearing of 2.73 times in FY2017 (Provisional) compared to 4.39 times in FY2016. It is also marked by modest networth of Rs 4.44 cr in FY2017 (Provisional) compared to Rs 1.44 cr in FY2016.

Analytical Approach

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

Outlook: Stable

SMERA believes that BOPL will maintain a stable outlook over the medium term owing to the promoters' vast experience in the chemical industry. The outlook may be revised to 'Positive' if BOPL achieves more than envisaged sales and profitability while registering improvement in its financial

risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected growth in revenue and the financial risk profile deteriorates owing to higher working capital requirement or debt-funded capex.

About the Rated Entity - Key Financials

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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	31-Dec-2021	4.50	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA A4

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in Shreya Vaidya Rating Analyst Tel: 033-66201217 shreya.vaidya@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment

Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: *A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.*
