

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 Jhunjhunwala and Mr Anuj Jhunjhunwala are engaged in the manufacturing of zinc oxide at Howrah, West Bengal through J.G Chemicals Pvt Ltd. The promoters belong to the Jhunjhunwala 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	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Shreya Vaidya Rating Analyst Tel: 033-66201217 shreya.vaidya@smera.in	

ABOUT SMERA

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