

Press Release

JIN PLAST INDIA LIMITED

10 January, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (read as SMERA B plus) on the Rs.9.50 crore bank facilities of JIN PLAST INDIA LIMITED (JIPL). The outlook is '**Stable**'.

Jin Plast (India) Limited, incorporated in 1995 is promoted by Mr. Mukesh Kumar Chhalani, Mr. Binith Kumar Chhalani, Mr. Dilip Kumar Chhalani and Mr. Deepak Chhalani. The company is engaged in the manufacturing of plastic crates, drums and household furniture at Sriperumbudur, Tamil Nadu and has installed capacity of 12 tonnes per day. The company procures raw material such as acrylic, polyethylene, polypropylene from Reliance Haldia Petrochemicals Limited, Indian Oil among others.

Key Rating Drivers

Strengths

- **Established track record of operations, experienced management**

JIPL was incorporated in 1995. The company was promoted by Mr. Mukesh Kumar Chhalani, Mr. Binith Kumar Chhalani, Mr. Dilip Kumar Chhalani and Mr. Deepak Chhalani who possess more than two decades of experience in the plastic industry.

Weaknesses

- **Below average financial riskprofile**

The company has an average financial risk profile marked by high gearing (debt-equity ratio) of 2.37 times as on 31 March, 2017 compared to 2.62 times as on 31 March, 2016. The net worth stood at a low of 3.97 crore as on 31 March, 2017 as against Rs. 3.57 crore in the previous year. The ICR stood at 1.74 times in FY2016-17 compared to 1.79 times in FY2015-16 while the NCA/TD stood at a low of 0.07 times in FY2017.

- **Small scale of operations in highly fragmented industry**

The scale of operations is small despite the company being in the plastic industry for over two decades. The company registered operating income of Rs. 13.07 crore in FY2016-17 and Rs.11.58 crore in FY2015-16. Further, JIPL operates in a highly fragmented and competitive industry with large number of organised and unorganised players.

- **Working capital intensive operations**

The operations are working capital intensive marked by Gross Current Assets (GCAs) of 294 days for FY2017 as against 315 days for FY2016 on account of high inventory holding of 115 days (PY: 114 days) and debtors of 181 days (PY: 214) respectively in FY2016-17.

Analytical Approach

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

Outlook: Stable

SMERA believes that JIPL will maintain a stable outlook in the medium term on account of its

experienced management and established operational track record. The outlook may be revised to 'Positive' in case of higher-than-expected growth in revenue, improvement in the financial risk profile and liquidity position while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	13.07	11.58	8.97
EBITDA	Rs. Cr.	1.74	1.78	2.02
PAT	Rs. Cr.	0.41	-0.03	-0.05
EBITDA Margin	(%)	13.29	15.37	22.48
PAT Margin	(%)	3.16	-0.24	-0.52
ROCE	(%)	11.18	7.84	17.45
Total Debt/Tangible Net Worth	Times	2.37	2.62	2.61
PBDIT/Interest	Times	1.74	1.79	1.81
Total Debt/PBDIT	Times	5.38	5.24	4.59
Gross Current Assets (Days)	Days	294	315	415

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	4.90	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	30-Jun-2024	1.92	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	30-Jun-2021	2.30	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	30-Apr-2019	0.38	SMERA B+ / Stable

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ABOUT SMERA

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