

## Press Release

Jaybee Laminations Private Limited (JBLPL)

19 April, 2018

Rating Reaffirmed and Assigned



|                                     |  |
|-------------------------------------|--|
| <b>Total Bank Facilities Rated*</b> | Rs. 57.11 Crore<br>(Enhanced from Rs. 30.00 crore) |
| <b>Long Term Rating</b>             | SMERA BBB/ Stable<br>(Assigned)                    |
| <b>Short Term Rating</b>            | SMERA A3+<br>(Assigned)                            |

\*refer annexure for details.

### Rating Rationale

SMERA has reaffirmed long term rating of '**SMERA BBB' (read as SMERA triple B)** and short term rating of '**SMERA A3+' (read as A three plus)** on the Rs. 30 crore bank facilities of Jaybee Laminations Private Limited (JBLPL). Further, SMERA has also assigned long term rating of '**SMERA BBB' (read as SMERA triple B)** and short term rating of '**SMERA A3+' (read as A three plus)** on the Rs. 27.11 crore. The outlook is '**Stable**'.

JBLPL, incorporated in 1988, is engaged in the manufacturing of cold-rolled grain-oriented steel (CRGO) laminations and transformer cores used in distribution and power transformers. The company has two manufacturing units at Noida (Delhi) with capacity of 10500 tonnes per annum.

### Key rating drivers

#### Strengths

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

JBLPL was incorporated in 1988. The company is led by Mr. Munish Agrawal, Promoter with experience of more than three decades in the steel industry. He is joined by Mrs. Sunita Agrawal, Director. The promoters have been able to maintain long term relations with clients namely BHEL Limited, United Transformers Electric Company, Energypac Engineering Limited among others.

#### Healthy financial risk profile

The financial risk profile is marked by net worth of Rs. 21.35 crore as on 31 March, 2017 as compared to Rs. 19.32 crore as on 31 March, 2016. The adjusted gearing (debt-equity) stood at 0.70 times as on 31 March, 2017 as compared to 0.52 times as on 31 March, 2016. The total debt mainly comprises working capital borrowings of Rs. 10.93 crore as on 31 March, 2017. The Interest Coverage Ratio (ICR) stood at 2.52 times in FY2017 as compared to 2.53 times in FY2016. The Total Outstanding Liabilities to Total Net Worth (TOL/TNW) stood at 2.18 times as on 31 March, 2017 as against 2.15 times as on 31 March, 2016.

#### Working capital management

The company registered Gross Current Asset (GCA) days of 136 in FY2017 as against 115 in FY2016. The debtors stood comfortable at 77 days, creditors at 96 days and inventory of 52 days in FY2017. SMERA believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

#### Weaknesses

#### Susceptibility to raw material prices and forex exchange fluctuation risk

JBLPL's margins are susceptible to volatility in raw material prices. The company imports 100 percent of its raw material (CRGO Coils) and hence is exposed to foreign exchange fluctuation risk.

#### Competitive and fragmented nature of business

The company is exposed to intense competition in the industry from organised and unorganised players in the

industry.

### Analytical Approach

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

### Outlook: Stable

SMERA believes that JBLPL will maintain a 'Stable' outlook in the medium term on account of its experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company registers higher than expected revenue and liquidity position while maintaining profitability margins. Conversely, the outlook will be revised to 'Negative' in case of significant decline in revenue and profitability or higher than expected debt funded working capital requirements leading to strain on debt servicing ability.

### About the Rated Entity - Key Financials

|                               | Unit    | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income              | Rs. Cr. | 131.23        | 154.57        | 108.64        |
| EBITDA                        | Rs. Cr. | 6.27          | 7.61          | 8.82          |
| PAT                           | Rs. Cr. | 2.04          | 2.10          | 2.90          |
| EBITDA Margin                 | (%)     | 4.78          | 4.92          | 8.12          |
| PAT Margin                    | (%)     | 1.55          | 1.36          | 2.67          |
| ROCE                          | (%)     | 17.24         | 19.89         | 38.55         |
| Total Debt/Tangible Net Worth | Times   | 0.70          | 0.52          | 1.16          |
| PBDIT/Interest                | Times   | 2.52          | 2.53          | 2.84          |
| Total Debt/PBDIT              | Times   | 2.38          | 1.32          | 2.25          |
| Gross Current Assets (Days)   | Days    | 136           | 115           | 134           |

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

Not Applicable

### 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 (Up to last three years)

| Date           | Name of Instrument/ Facilities | Term       | Amount (Rs. Crore) | Ratings/ Outlook             |
|----------------|--------------------------------|------------|--------------------|------------------------------|
| March 29, 2018 | Cash Credit                    | Long Term  | 12.00              | SMERA BBB/ Stable (Assigned) |
| March 29, 2018 | Letter of Credit               | Short Term | 18.00              | SMERA A3+ (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                    |
|------------------------|------------------|----------------|----------------|-------------------------------|-------------------------------------|
| Cash Credit            | Not Applicable   | Not Applicable | Not Applicable | 12.00                         | SMERA BBB / Stable (Reaffirmed)     |
| Term Loan              | Not Applicable   | Not Applicable | Not Applicable | 3.11                          | SMERA BBB / Stable (Assigned)       |
| Letter of Credit       | Not Applicable   | Not Applicable | Not Applicable | 42.00                         | SMERA A3+ / (Reaffirmed & Assigned) |

**Contacts:**

| Analytical  | Rating Desk  |
|---|--|
| Mr. Suman Chowdhary<br>President- SMERA Bond Ratings<br>Tel: 022-67141107<br>Email: <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a><br><br>Ayushi Rathore<br>Rating Analyst<br>Tel: 02267141336<br>Email: <a href="mailto:ayushi.rathore@smera.in">ayushi.rathore@smera.in</a> | Varsha Bist<br>Sr. Executive<br>Tel: 022-67141160<br>Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a> |

**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](http://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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.