

Press Release

Jaybee Laminations Private Limited (JBLPL)

19 April, 2018



Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 57.11 Crore (Enhanced from Rs. 30.00 crore)
Long Term Rating	SMERA BBB/ Stable (Assigned)
Short Term Rating	SMERA A3+ (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, Energpac 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)

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ABOUT SMERA

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