



Press Release
JAY BEE INDUSTRIES
November 25, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE BB- Stable Assigned	-
Bank Loan Ratings	20.00	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	45.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE BB-**' (read as **ACUITE double B minuso**) on the bank facilities of Rs.25.00 Crore and short term rating of '**ACUTE A4**' (read as **ACUITE A four**) on the bank facilities of Rs.20.00 Crore of Jay Bee Industries. The outlook is '**Stable**'.

Rationale for recommendation

The assigned rating factors in the established track record of operations and experienced management in the same line of business. Further, the improvement in the scale of operations has been reflected on y-o-y basis on the back of execution of order book. However, the above mentioned strengths are partly off-set by average financial risk profile, intensive working capital operations due to nature of operations along higher dependence over the external borrowings resulted into stretched liquidity position which will remain a key sensitive factor in near to medium term.

About the Company

Jay Bee Industries (JBI) established in 1993. The company is engaged in business of manufacturing of different types of transformer products like Distribution Transformers, Furnace Transformers, Servo Voltage Stabilizers, Isolation Transformers, Dry Type Transformers, Solar Inverter Transformers, Power Transformers, Compact Sub Stations, Booster Transformers etc. Mr. Praveen Aggarwal and Mr. Kartik Aggarwal are the partners of the firm. The registered office of the company is in Panchkula.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone approach for the operational and financial risk profile of the company to arrive at the rating.

Key Rating Drivers

Strengths

Experience management and established track record of operations

The partners of the firm are having an experience of more than three decades in manufacturing transformers and the firm is also providing EPC services, design and manufacture related to electric services. The partners of the firm are Mr. Praveen Aggarwal and Mr. Kartik Aggarwal. They do have good understanding of market dynamics and

established relationship with customers and suppliers. Acuite believes the firm will maintain its established position in the same line of business in near to medium term. Going forward, company will continue to benefit from the promoter's experience.

Improvement in the scale of operations

The firm has achieved a total revenue of Rs.77.53 Crore in FY24 against Rs.54.20 Crore in FY23. The increase in

the revenue is on an account of increase in the execution of order book. Further, the firm has earned EBITDA margins of 6.11% in FY24 against 8.99% in FY23 and the PAT margins of the firm stood at 0.97% in FY24 against 0.61% in FY23. Currently, the firm bagged an order book of Rs.67 Crore approximately which is likely to be executed in the current financial years and simultaneously bagging additional orders as firm has already applied for tenders in advance. Going forward, the firm is expected an increase in the top-line under the range of Rs.125 Crore in near to medium term supported by better operational and profitability margins.

Weaknesses

Average Financial Risk Profile

The financial risk profile of the firm is average marked by net-worth of Rs.18.88 Crore as on 31st March 2024 against Rs.16.21 Crore as on 31st March 2023. The increase in the net-worth is on an account of the accumulation of profits into reserves and infusion of capital. The total debt of the firm stood at Rs.33.11 Crore as on 31st March 2024 against Rs.30.86 Crore as on 31st March 2023. Further, the debt-equity of the firm is moderate which stood at 1.75 times as on 31st March 2024 against 1.90 times as on 31st March 2023. Further, the interest coverage ratio of the firm stood at 1.28 times as on 31st March 2024 against 1.18 times as on 31st March 2023. However, the Debt service coverage ratio of the firm is below unity which stood at 0.90 times as on 31st March 2024 against 1.18 times as on 31st March 2023. Further, TOL/TNW ratio of the firm stood at 3.46 times as on 31st March 2024 against 3.94 times as on 31st March 2023. Going forward, the financial risk profile of the firm is expected to remain in the same range in near to medium term.

Working Capital Intensive Operations

The working capital operations of the firm is highly intensive marked by GCA days which stood at 338 days as on 31st March 2024 against 457 days as on 31st March 2023. The GCA days remains on the higher side due to nature of industry. Despite same, the GCA days are improved as compared to previous year on an account of Debtor days and inventory days which stood at 130 days and 190 days respectively as on as on 31st March 2024 against 186 days and 238 days respectively as on 31st March 2023. On the other hand, the creditor days of the firm stood at 113 days as on 31st March 2024 against 243 days as on 31st March 2023. Also, the firm has higher dependence on the external borrowings which resulted into average utilization of 99% in last six months ended October 2024. Acuite believes that working capital operations of the firm is expected to remain in the same range in near to medium term.

Rating Sensitivities

- Moderation in the bank limit utilization of the company which is more than 99%.
- Movement in the financial risk profile of the company.

Liquidity Position

Stretched

The liquidity profile of the firm is stretched. The firm has generated net cash accruals of Rs.1.18 Crore as on 31st March 2024 against the debt repayment obligation of Rs.1.78 Crore in the same period. However, the shortfall has been met by the infusion of equity in the business. Further, the firm is expected to generate sufficient net cash accruals against the debt repayment obligation and the firm is not planning to go for additional long term loans in near to medium term. Hence, it is evident that liquidity profile of the firm is expected to improve. The current ratio of the firm stood at 1.21 times as on 31st March 2024 against 1.25 times as on 31st March 2023. The cash and bank balance of the company stood at Rs.0.13 Crore as on 31st March 2024 against Rs.0.07 Crore as on 31st March 2023.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	77.53	54.20
PAT	Rs. Cr.	0.75	0.33
PAT Margin	(%)	0.97	0.61
Total Debt/Tangible Net Worth	Times	1.75	1.90
PBDIT/Interest	Times	1.28	1.18

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

None

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A4 Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BB- Stable Assigned

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About Acuité Ratings & Research

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