



Rating Rationale

J K Plywood Products

13th September 2017

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs.11.04 Crs of J K Plywood Products.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous (24 Sep 2015)	Present
Fund Based Limits			Long Term	BWR B- (Outlook: Stable)	BWR B BWR Single B (Outlook: Stable) Upgradation
Cash Credit	8.00	8.00			
Term Loan	5.84	3.04			
Total	13.84	11.04	INR Eleven Crores and Four Lakhs Only		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Long Term Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials upto FY17, publicly available information and the information/clarifications provided by the company.

The rating draws strength from the partners experience in the industry, revenue growth during FY17, improved in net profit margin and tie-up with client - Greenply Industries Ltd. However, the ratings are constrained by relatively small scale of operations, low networth, high leverage, working capital intensive nature of business, inherent risk of firm being partnership, intense competition in the industry.



Going forward, the ability of the company to increase its scale of operations to improve profitability, improve the capital structure by infusing the fund and servicing debt obligations promptly will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **J K Plywood Products** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Key rating drivers:

The partners are having more than a decade of experience in the plywood industry.

Net profit margin of 0.55% in FY16 has improved to 2.07% in FY17.

Firm's operating income has increased from Rs. 3.00 Crs in FY16 to Rs.12.02 Crs in FY17

The high leverage is recorded 3.94 times in FY17 on account of high debt .

About the Company

J K Plywood Products (JKPP) was established in year 2013 as partnership firm located at Kanpur, Uttar Pradesh. Partners of the firm are Mohd. Javed Khan, Mr. Kaleem Khan and Indian Infrabuilt P Ltd. JKPP is into manufacturing of wooden plywood, which are used in manufacturing of doors, windows, furniture , household furniture products, etc.

Indian Infrabuilt Private Limited is one of the partners of JKPP , was incorporated on 5 August 2008 in kanpur, UP. Mr. Javed Khan and Ms. Farah Kahn are the directors of Indian Infrabuilt Private Limited. The company is involved in buying , selling, renting and operating of self - owned or leased real estate such as apartment building and dwellings, non-residential buildings, developing and subdividing real estate into lots, etc.

Firm Financial Performance

The company reported a net revenue from operations of Rs.3.00 Crores in FY16 and Rs. 12.02 Crores in FY17. Net profit margins reported at 0.55% in FY16 as against 2.07% in FY17. Tangible networth of the company is reported at 4.72 Crs in FY17. The company is reported high gearing level reflected from debt equity of 3.94X in FY17. Debt coverage indicators at satisfactory level reflected by ISCR of 1.70 times and DSCR of 1.08 times in FY17. The company is reported to high debt reflected by total debt of Rs. 18.58 Crs in FY17.



Rating History for the last three years

Sl. No	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	05/10/16	2015	2014
1	Cash Credit	Long Term	8.00	BWR B (Outlook: Stable)	BWR B-	Not Rated	Not Rated
2	Term Loan		3.04				
Total			11.04	INR Eleven Crores and Four Lakhs Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

Analytical Contact	Media
<p><i>Mr. Venkatesh S, CGM -Ratings</i></p> <p>analyst@brickworkratings.com</p>	<p>media@brickworkratings.com</p>
	<p>Relationship Contact</p> <p>bd@brickworkratings.com</p>
<p>Phone: 1-860-425-2742</p>	

Annexure

Key Parmaters	FY15 (Audited)	FY16 (Audited)	FY17 (Audited)
Net Sales	0.03	3.00	12.02
EBITDA	(0.01)	1.84	3.95
PAT	0.00	0.02	0.25
Tangible Networkth	2.47	6.68	4.72
Total Debt:Tangible Networkth	2.33	1.91	3.94
Current Ratio	38.78	1.91	1.14

For print and digital media



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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