Rating Rationale

Dhaja Ram Jai Dev

29Mar2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 19.50 Crores of Dhaja Ram Jai Dev. (DJRD or "the Firm")

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (July, 2017)	Present
Fund based Cash Credit Trade finance Loan	**15.00** **5.00**	**15.00** **4.50**	**Long Term**	**BWR B (Pronounced as BWR Single B) Outlook: Stable**	**BWR B - (Pronounced as BWR Single B Minus) Outlook: Stable (Downgraded)**
Total	**20.00**	**19.50**	**INR Nineteen Crores and Fifty Lakhs Only**		

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

Ratings: Long term ratings Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon the audited financials upto FY18 and publicly available information and information/clarifications provided by the firm.

The rating draws comfort from the partners experience in the same line of business, relationships with vendors and suppliers.

The downgrading of the ratings has factored the decline in the overall financial performance of the firm, viz., decreasing revenue, strained liquidity etc. It has also factored the exposure of the firm to changes in the price of the agricultural commodity, seasonality of the commodity etc.

Going forward the firm's ability to further improve revenues while simultaneously improving liquidity and gearing would be the key rating sensitivities of the firm.

Description of Key Rating Drivers

Credit Strengths

- The partners Mr. Jai Dev Gupta and Mr. Ajay Gupta have over two decades of experience in the same line of business and thus has gained understanding of market dynamics leading to a stable relationship with suppliers.
- The firm has over a decade in relationship with its customers.

Credit Risks:

- The firm's revenue in stood at Rs. 31.96 Crs in FY18 as against Rs. 35.36 Crs in FY17 a decrease of 10.6%, due to the reduction in the prices of the commodities in the market.
- The firms ISCR stood at 0.58x while DSCR stood at 0.24x in FY18, additionally the utilization of cash credit for the last six months stood at 97%, indicating towards the strained liquidity in the firm.
- The agricultural commodity market is exposed to price changes linked to the demand and supply of the commodity in the market and additionally the price of the commodities is also regulated by the government and any changes in the prices affect the bottomline of the firm.
- The firm trades in agricultural commodity, which are dependent on monsoons and also exposed to pest attacks and hence is exposed to seasonality risk.
- The firm's being a partnership firm is exposed to inherent risks associated with the constitution of the firm.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Dhaja Ram Jai Dev** 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.

About the Firm

Dhaja Ram Jai Dev (DJRD) is a Partnership firm established in April 2002 by Mr. Jai Dev Gupta and Mr. Ajay Gupta, is engaged in trading of all varieties of cereals, grains, and other commodities. The partnership deed was executed in 2002. DRJD operates through a shop located at New Krishi Mandi Mandi, Sri Ganganagar, Rajasthan. DRJD is engaged in the business of kachi arhat, packi arhat and trading of agricultural commodities.

Firm Financial Performance

The operating revenue of the firm stood at Rs.31.96 Crs in FY18 as against Rs.35.36 Crs in FY17.The EBITDA of the firm stood at Rs.0.59 Crs in FY18 as against Rs.1.01 Crs in FY17. The interest and Finance charges for the firm declined to Rs.1.03 Crs in FY18 as against Rs.1.22 Crs in FY17. The gearing of the firm stood at 13.15x in FY18, with total debt of the firm being Rs. 29.32 Crs against a partners capital of Rs.2.23 Crs.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	19.10.2018	18.07.2017	2016
1.	**Fund Based**	Long Term	19.50	**BWR B - (Pronounced as BWR Single B Minus) Outlook: Stable (Downgraded)**	**Rating Not Reviewed**	**BWR B (Pronounced as BWR Single B) Outlook: Stable (Assigned)**	**Not Rated**
	Total		**19.50**	**₹ Nineteen Crores and Fifty Lakhs Only**			

Status of non-cooperation with previous CRA - Not to our Knowledge
Any other information - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Operating Revenue	Crores	31.96	35.36
EBITDA	Crores	0.59	1.01
PAT	Crores	0.10	0.12
Partners capital	Crores	2.23	2.44
Total Debt/Partners Capital	Times	13.15	10.86
Current Ratio	Times	1.82	1.47

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Trading Entities**
- **Short Term Debt**

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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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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