



Rating Rationale

Jai Durga Industries

13Feb2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.90 Crores of Jai Durga Industries.

Particulars

| Facility | Facility | Amount (₹ Crs) | Tenure | Rating* |
|----------------|----------------|----------------|--|---|
| Cash Credit | Fund based | 4.90 | Long Term | BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable) |
| Bank Guarantee | Non Fund Based | 1.00 | Short Term | BWR A4+ |
| | Total | 5.90 | INR Five Crores Ninety Lakhs Only | |

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Jai Durga Industries(JDI) Audited Financial Statements from FY15 to FY17 and projected financial statements for FY 18 & FY19, publicly available information and information / clarification provided by the JDI management.

The rating draws strength from the Increase in Revenues, Promoter Experience in Steel Industry, Adequate Coverage Ratios. The rating is however constrained by Intense Competition in Steel Industry, Small Scale of Operations, Proprietary concern limiting to raise funds.

Going forward, the Company's ability to improve revenues and profitability, maintaining adequate coverage & liquidity ratios achievement of projected figures and timely debt servicing will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

Adequate Coverage Ratios: As on FY17 JDI reported ISCR & DSCR of 3.75 Times & 2.70 Times respectively. Liquidity is moderate with Current ratio of 1.33 Times for FY17.



Promoter Experience in Steel Industry: JDI is successfully led by its proprietor Mr. Vikas Aggarwal who has an experience of 15 Years in the field of manufacturing Steel Flats & Ingots.

Increase in Revenues: JDI's Operating Income has been increased from ₹ 12.61 Cr in FY15 to ₹23.34 Cr in FY16 and further increased to ₹40.20 Cr in FY17 by registering a growth rate of 85% and 72.23% in FY16 & FY17 respectively.

- **Credit Risks:**

Intense Competition in Steel Industry: JDI is operating in the industry of manufacturing Steel Flats & Ingots which is highly competitive with both organised & unorganised players as well which in turn results in pricing sensitivity.

Small Scale of Operations: JDI's operations are on a small scale confining only to states of Haryana, Punjab, Delhi NCR, Himachal Pradesh and some parts of Rajasthan.

Proprietary Concern limiting to raise funds: JDI is operating as a proprietary concern which is limiting its ability to raise funds resulting in low Tangible Net Worth of ₹5.91 Cr for FY17.

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 **Jai Durga Industries** 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 Company

Jai Durga Industries was incorporated in 2002 and started its commercial operations in the year 2008 as a proprietary concern in the line of manufacturing Steel Flats & Ingots. JDI is promoted by its proprietor Mr. Vikas Aggarwal with an experience of 15 Years in the field of manufacturing Steel Flats. JDI has its manufacturing units located at Kundli of Haryana & Kala Amb of Himachal Pradesh.

Company Financial Performance

JDI reported PAT of ₹0.42 Cr with Revenues of ₹40.20 Cr for FY17. JDI Gearing ratio stood at 0.89 Times, ISCR and DSCR stood at 3.75 Times & 2.70 Times respectively for FY17. JDI also registered an increase of revenues by 72.23% in FY17 when compared to that of FY16.

Rating History for the last three years

| S.No | Facility | Current Rating (2018) | | | Rating History | | |
|--------------|----------------|-----------------------|----------------|--|----------------|------|------|
| | | Type | Amount (₹ Crs) | Rating | 2017 | 2016 | 2015 |
| 1. | Fund Based | Long Term | 4.90 | BWR BB- (Outlook: Stable) | NA | NA | NA |
| 2. | Non Fund Based | Short Term | 1.00 | BWR A4+ | NA | NA | NA |
| Total | | | 5.90 | ₹ Five Crores Ninety Lakhs Only | | | |

Status of non-cooperation with previous CRA - NA

Key Financial Indicators

| Key Parameters | Units | 2017 | 2016 |
|-------------------------------|-------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | ₹ Cr | 40.20 | 23.34 |
| EBITDA | ₹ Cr | 0.75 | 0.51 |
| PAT | ₹ Cr | 0.42 | 0.19 |
| Tangible Net worth | ₹ Cr | 5.91 | 2.74 |
| Total Debt/Tangible Net worth | Times | 0.89 | 0.32 |
| Current Ratio | Times | 1.35 | 1.33 |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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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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