Rating Rationale

J J Polyimpex Pvt. Ltd.

7 June 2017

Brickwork Ratings reaffirms and assigns the ratings for the Bank Loan Facilities of Rs. 95.10 of J J Polyimpex Pvt. Ltd. (JJPIL)

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based **Cash Credit***	(19.00)	(34.00)	Long Term	BWR BBB- Outlook: Stable	BWR BBB- Outlook: Stable
Non-Fund Based					
Letter of Credit	74.00	95.00	Short Term	BWR A3	BWR A3
Bank Guarantee	0.10	0.10			
Total	74.10	Rs. 95.10 Crores (Rupees Ninety Five Crore and Ten Lakhs Only.)			

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

BWR has essentially relied on audited financials of JJPIL upto FY16, provisional financials from April – February 2017, projected financials for FY17 and FY18 publicly available information and information/clarifications provided by the company.

Rating Reaffirmed

The rating reflects long and established track record of the promoters in the business and their long standing relationship with diversified customer base. The rating also factors comfortable financial risk profile with infusion of fund by the promoters as required and moderate current ratio.

However, the rating is constrained by supplier concentration risk with approximately 81% of total supplies from top five suppliers. Further fluctuation in foreign exchange rates could also have an impact on the profitability of the company as approximately 85% of the raw materials are imported.

Rating Outlook: Stable

BWR believes the J J Polyimpex Pvt Ltd. 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

JJPIL, incorporated in 2005, is the flagship company if J J Group of Companies. The main business objective is to trade in plastic polymers. The company has adopted a unique strategy for sales of the products viz. Plastic Polymers – LLDPE, LDPE, HDPE, PP & Specialty Polymers – PVC Resin & EVA

The products dealt with in by the company are supplied mainly to the plastics processing units who are the actual users, wholesalers, semi-wholesalers and traders community. The company is supplying bulk of its products to the traders (15%) and the end users (85%).

The products of the group are supplied across the country with strong hold in Western, Central and Northern India Exports contribute to less than 5% of the total sales.

Company Financial Performance

As per audited financials for FY16, the company reported net profit of Rs. 1.6 Crore on revenue of Rs. 311.43 Crore as compared to net profit of Rs. 1.42 Crore on revenue of Rs. 316.72 Crore in FY15.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	February 2016	2015	2014
1.	Cash Credit	Long Term	(34.00)	BBB- (Stable)	BBB- (Stable)	-	-
2.	Letter of Credit	Short Term	95.00	A3	A3	-	-
3.	Bank Guarantee	Short Term	0.10	A3	A3	-	-

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: N/A

Any other information: N/A

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.