

## Rating Rationale

### Brickwork Ratings, on a review, reaffirms Long Term ratings to “BWR BBB-” for Jainex Techno Power Pvt. Ltd amounting to ₹ 25.00 Cr

On a review, Brickwork Ratings (BWR) has reaffirmed the Long Term **Rating<sup>1</sup>** for the Bank Loan Facilities of **Jainex Techno Power Pvt Ltd** (“JTPPL” or *The Company*) as follows:

Facility	Previous Limits Rs.Crs	Present Limits Rs.Crs	Previous Ratings	Review Ratings
<b>Fund Based</b>				
Cash Credit	25.00	25.00	BWR BBB- Pronounced as BWR Triple B Minus Outlook : Stable	BWR BBB- Pronounced as BWR Triple B Minus Outlook : Stable Reaffirmation
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	<b>INR Twenty Five Crores only</b>	

**Note: The existing exposure limit with the bank is Rs10 Cr. The client has made a proposal to the bank for enhancement of the limit to Rs25 Cr. Last year also this proposal was made but the Bank had not sanctioned the same since the proposed manufacturing project was not completed**

BWR has essentially relied upon audited financial results up to FY16, projections of FY17, publicly available information and information/clarifications provided by the trust’s management.

The rating, inter alia, factors the experience of promoters, low gearing level, expansion of business by setting up their own manufacturing unit and satisfactory coverage ratios. However the rating assigned is constrained by almost low value revenue growth, thin profit margins, high receivables and competitive nature of trading business.

### Background

JTPPL is a private limited company, incorporated in 2010 with registered office at village Bawana, New Delhi. JTPPL is formerly known as M/s Dynamic Traders, established in 2003 as a proprietorship firm. The company is engaged in trading of invertors, gas gysers and kitchen appliances under brand name 'Jainex'. The company is also trading in water pumps, induction cooker, batteries, LED lights and home appliances of other companies. The company has its business presence in the northern region of India with 60 distributors and 2500 dealers. Currently the company has entered into manufacturing of gas gysers, induction plate and juice mixer grinder in its unit located in Kalam - Himachal Pradesh. The unit’s installed capacity is ~7 lakhs number per annum. For the next financial year the company is focussing more on the manufacturing segment to promote their own brand, whereas trading is expected to continue.

Mr. Pankaj Jain and Ms. Savita Jain are the directors of the company with shareholding pattern of 62.98% and 37.02% respectively. The directors of JTPPL have more than 2 decades of experience in same line of business.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Financial Performance

The Company reported total operating income of Rs. 726.11 Crs with PAT of Rs. 1.94 Crs in FY16 against total operating income of Rs. 718.09 Crs with PAT of Rs. 1.90 Crs in FY15. As on March 31st 2016 the company's tangible net worth stood at Rs. 31.55 Crs with debt equity of 0.27 times in FY16. Operating profit margin and Net profit margin of the company was 0.72% and 0.27% respectively in FY16. The company reported adequate liquidity position as reflected by current ratio of 1.42 times in FY16.

## Rating Outlook

The outlook of the company for the nearer term is expected to be stable. Going forward, ability of the company to increase its scale of operations in manufacturing segment subject to sanction of loan propped, to improve profit margins and timely repayment obligations will be the key rating sensitivities.

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