

Rating Rationale

Jallan Transport Company

April 05, 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Jallan Transport Company

Particulars

Facility	Tenure	Rated Amount	Rating Assigned
SOD	Long Term	1.00	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Bank Guarantee	Short Term	13.00	BWR A4 (Pronounced as BWR Single A Four)
Total		14.00	Rupees Fourteen Crore only

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the company up to FY17, projections for FY18, publicly available information and information/clarifications provided by the firm's management.

The rating draws comfort from the experience of the proprietor in the industry, comfortable gearing, profitability margins and debt protection metrics. The rating is, however, constrained on account small scale of operations, fluctuation in topline and inherent risk associated with the constitution of the firm being a proprietorship concern.

Credit Strengths:

- **Experience of proprietor:** The proprietor of the firm, Sh Gouri Shankar Bansal, has an experience of more than 2 decades in the transport business.
- **Comfortable gearing:** There is no long term outside debt on the firm. Owing to the same, the gearing is at a comfortable level of 0.10 times in FY17 as compared to 0.24 times in FY16.
- **Comfortable profitability margins:** The NPM and OPM are also at a comfortable level at 5.10% and 4.56% in FY17 respectively as compared to 5.08% and 5.34% in FY16.

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- **Comfortable debt protection metrics:** The debt protection metrics, denoted by ISCR and DSCR is also at a comfortable level of 4.96 times and 4.58 times in FY17 which has improved from 3.29 times and 3.68 times in FY16.

Credit Weaknesses:

- **Small scale of operations:** The scale of operations of the entity is small. Also there has been inconsistency in maintaining the topline. The revenue in FY15 had been recorded at Rs. 41.75 Cr in FY15, which declined to Rs. 20.66 Cr in FY16. The same has improved marginally to Rs. 24.74 Cr in FY17.
- **Constitution of the firm:** The firm has been set up as a proprietorship concern which has its own set of restrictions and limitations.

Rating Outlook: Stable

BWR believes the Jallan Transport Company's 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

M/s Jallan Transport Company is a proprietorship firm. The entity commenced its operations in the year 2011. Firm's registered office and corporate office, both, are in Sri Ganganagar. Shri Gouri Shankar Bansal is the proprietor of the firm who has an experience of almost 3 decades in different business. The firm is into handling transport business with Food Corporation of India (Rajasthan & Haryana), Central Warehousing Corporation, Rajasthan State Warehousing Corporation and other govt organizations.

Company Financial Performance

	Unit	FY16 (Aud.)	FY17 (Aud.)
Net Sales	Rs. in Cr	20.66	24.74
EBIDTA	Rs. in Cr	1.10	1.13
PAT	Rs. in Cr	1.05	1.26
Proprietor's Capital	Rs. in Cr	3.01	6.00
TOL : Proprietor's Capital	Times	1.23	0.68
Current Ratio	Times	1.99	2.63

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

S.No.	Instrument/ Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
2	SOD	Long Term	1.00	BWR B+ (Outlook: Stable)	NA	NA	NA
4	Bank Guarantee	Short Term	13.00	BWR A4	NA	NA	NA
Total			Rs. 14.00 Crores (Rupees Fourteen Crore only)				

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#) [General Criteria](#)
- [Services Sector](#) [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 ₹ 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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