Rating Rationale

Jupiter Technologies Pvt. Ltd.

21 Sep 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 15.30 Crores of Jupiter Technologies Pvt. Ltd.

Particulars

Facility	Previous Limits (₹ Crores)	Present Limit (₹ Crores)	Tenure	Previous Rating (Jan 2017)	Present Rating
Fund Based **Cash Credit** **Term Loan**	7.50 1.72	**8.50** **1.80**	**Long Term**	**BWR BB** (Pronounced BWR Double B) (Outlook: Stable)	**Reaffirmed at** BWR BB (Pronounced BWR Double B) (Outlook: Stable)
Non-Fund Based **BG/ILC/FLC**	5.00	**5.00**	**Short Term**	**BWR A4** (Pronounced BWR A Four)	**Reaffirmed at** BWR A4 (Pronounced BWR A Four)
Total	14.22	**15.30**	**INR Fifteen Crores and Thirty Lakhs Only**		

**Term loan outstanding as on 18 Sept 2018*

[1]Please refer to BWR website www.brickworkratings.com for definition of the rating assigned

Ratings:Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of FY18, publicly available information and information/clarifications provided by the Company's management.

The rating continues to factor, inter alia, long track record of the company, experienced management, established customer base and diversified revenue profile. However, the rating continues to be constrained by modest scale of operations, moderate debt protection metrics and gearing level, stretched working capital cycle and expose to foreign exchange currency risk.

Going forward, the ability of the company to enhance its scale of operations, improve the profitability and capital structure and manage its inventory and receivables efficiently will remain the key rating sensitivities.

Description of Key Rating Drivers

Long track record and Promoters experience in the holographic industry:

The company has been involved in security holographic hot stamping foils since 1995. Mr. Nandakishore S. Kulkarni, is the managing director have more than two decades of experience in industry which has helped to garner continuous orders from customers.

Diversified revenue profile and established presence in the hologram market in India:

The Company offering complete holographic solutions to customers using Security Holographic hot stamping foils. Over the years, the company has built strong relationships with reputed customers present across various sectors including automobile, fast-moving consumer goods, apparel, pharmaceuticals etc and growing at a CAGR of 9.18% for the last five years. The company also exports nearly 5% of the total production.

Moderate financial risk profile of the company:

The company has a moderately leveraged capital structure which is 1.7 times as on FY18 and the debt protection metrics is satisfactory with interest coverage and debt coverage ratio at 2.10 times and 1.00 times, respectively.

Limited industry growth:

Currently, overall size of the domestic hologram market is relatively small and at a nascent stage in India due to its limited usage by the unorganised players. however the market is in a growth stage owing to increase in end user industries.

Working capital intensive operations and stretched liquidity Position:

The company's operations are working capital intensive owing to high inventory level and debtor days. The liquidity position remains stretched, as reflected by its utilisation of working capital limits due to extended credits to debtors.

Exposure to fluctuation in foreign exchange rates:

The company's imports and export realisations are denominated in foreign currency, which keeps the profitability vulnerable to any adverse movements in the foreign exchange rates.

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 **Jupiter Technologies Pvt. Ltd'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

Jupiter Technologies Private Limited (JTPL) is a private limited company incorporated in 1995. JTPL provides Holographic solutions by manufacturing holograms and hot stamping foils and trading of thermal transfer ribbons and marking ink polls. JTPL has its manufacturing unit in Jigani Phase 2, Bangalore and its registered office in Koramangala, Bangalore. The company is a family owned private limited company having 3 directors headed by Mr. Nandakishore S. Kulkarni.

Company Financial Performance

The total operating income of the company has increased to ₹33.34 crores in FY18 from ₹31.23 crores in FY17. The company has reported net profit of ₹0.65 crores in FY18 as against net profit of ₹ 0.49 crores in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	10.30	**BWR BB**	**BWR BB**	**-**	**BWR BB**
	Non Fund Based	Short Term	5.00	**BWR A4**	**BWR A4**	**-**	**BWR A4**
	Total		**15.30**	**₹Fifteen Crores and Thirty Lakhs Only**			

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

Any other information

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	31.23	33.34
EBITDA	₹ Cr	31.23	33.34
PAT	₹ Cr	0.49	0.65
Tangible Net worth	₹ Cr	7.12	7.77
Total Debt/Tangible Net worth	Times	1.97	1.71
Current Ratio	Times	1.09	1.15

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**
- **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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 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.