

Rating Rationale

S. J. Transformers

1st June 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of S. J. Transformers

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based			
Cash Credit	3.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)
Non Fund Based			
Bank Guarantee	17.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	Rs. 20.00 Crores (Rupees Twenty Crores Only.)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, promoters' extensive experience of more than two decades in power distribution industry, long existence of the firm for 24 years and its involvement in supply, installation and maintenance of distribution transformers and substantial growth in revenue in FY17. However the rating is constrained by low tangible net worth considering the long existence of the firm and stiff competition in the industry. The ability of the firm to scale up its operations, to manage its capital structure and to improve its profit margin in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of S. J. Transformers 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 Firm

S. J. Transformers is a proprietary concern established in 1993 and based in Rampur, Uttar Pradesh. Mr. Vinod Behari Jain is the proprietor of the firm. The firm is involved in supply, installation and maintenance of Distribution Transformers for Govt. Electricity Boards. At present the firm has tender based work orders of ~ ₹ 118 Cr from Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for rural electrification.

Firm's Financial Performance

The firm has registered a total operating income of ₹ 7.99 Cr in FY16 as against ₹ 4.65 Cr in FY15. The firm has reported operating profit margin of 2.86% and net profit margin of 1.76% in FY16 as against operating profit margin of 2.73% and net profit margin of 2.49% in FY15. The tangible net worth of the firm stood at ₹ 1.12 Cr as on March 31, 2016.

On provisional basis, the firm has achieved revenue of ₹ 30.71 Cr in FY17.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	3.00	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)	-	-	-
2	Bank Guarantee	Short Term	17.00	BWR A4 (Pronounced as BWR A Four)	-	-	-

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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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.

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.