

SEPTEMBER 11, 2015

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
 SHRI JAGDAMBA POLYMERS LIMITED**
Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	26.18 (enhanced from Rs.19.10 Crore)	CARE BBB- (Triple B Minus)	Reaffirmed
Short term Bank Facilities	30.50 (enhanced from Rs.24.50 Crore)	CARE A3 (A Three)	Reaffirmed
Total Facilities	56.68 (Rupees fifty six crore and sixty eight lakhs only)		

Rating Rationale

The ratings assigned to the bank facilities of Shri Jagdamba Polymers Limited (SJPL) continue to derive strength from its experienced promoters, SJPL's long standing track record of operation in woven fabric manufacturing and established relationship with its overseas customers. The ratings also take into account its financial risk profile marked by moderate profitability and debt coverage indicators.

The ratings, however, continue to be constrained by its modest scale of operations, susceptibility of its profitability to volatile raw material prices and foreign exchange rates and its presence in the highly fragmented and competitive woven fabric industry which restricts its profitability margin.

The ability of SJPL to improve its scale of operation while improving its profitability in the light of volatile raw material prices and effective management of its working capital would be the key rating sensitivities.

Background

Incorporated in May 1985, SJPL is promoted by Mr. Ramakant Bhojnarwalla and his family members. SJPL is engaged in manufacturing of polypropylene (PP)/ Polyethylene (PE) woven sacks & fabric, geo-textile products and various technical textile products which find its application in construction, infrastructure and packing industry. SJPL has its plant situated at Dholka near Ahmedabad having an installed capacity, for manufacturing of woven fabrics and bags, of 12,000 Metric Tons per annum (MTPA) as on March 31, 2015.

As per the audited result for FY15 (refers to period April 1 to March 31), SJPL reported a PAT of Rs.3.34 crore on a total operating income of Rs.111.88 crore as against a PAT of Rs.3.14 crore on a total operating income of Rs.89.68 crore in FY14 (A). Further, as per the un-audited Q1FY16 result, the company has reported total operating income of Rs.35.01 crore and PAT of Rs.0.89 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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