

Janatics India Private Limited

Instrument	Amount	Rating Action
	(In Rs Crore)	August 2016
Long Term, Term loan	23.00	[ICRA]BBB+ (Stable) re-affirmed
Long Term, fund based limits	36.00	[ICRA]BBB+ (Stable) re-affirmed
Short term, non-fund based facilities	4.00	[ICRA]A2 re-affirmed

ICRA has re-affirmed the long-term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) for the Rs. 23.00 crore term-loans and the Rs. 36.00 crore¹ fund based facilities of Janatics India Private Limited (“Janatics”/ “the company”). The outlook on the rating is Stable. ICRA has also re-affirmed the short-term rating of [ICRA]A2 (pronounced ICRA A two) for the Rs. 4.00 crore non-fund based bank limits of Janatics². The outlook on the long term rating is Stable.

The re-affirmation of ratings takes into account the established market position and track record of the company in the pneumatic components business; the brand recognition built through its extensive distribution network established throughout the country. ICRA also takes into account, Janatics’ robust revenue growth in the last five years driven by consistent customer acquisitions in the domestic market and continuous innovation of its product line in the pneumatic cylinder and valve categories. ICRA also takes into account the healthy profitability over the years supported by improved economies of scale and logistics benefits. As per trends witnessed in the current year, Janatics is expected to post a y-o-y revenue growth of 10-12% driven by improved demand from engineering and automobile segments and register consistent margins as well. The ratings continue to draw comfort from Janatics’ diversified clientele catering to various industries, which mitigates risk of any downturn in a particular segment — as evidenced by steady positive revenue growth in the last five years.

The ratings are, however, constrained by Janatics’ sizable debt funded cap-ex over the FY 2016 amid weaker than expected accretion resulting in a leveraged capital structure. Increased debt levels have resulted in high gearing of 1.12 times and also weaker coverage and debt-protection indicators. The ratings also consider the intense competition from large multi-national companies as well as from cheaper imports from China which leads to pricing pressures, exposing Janatics’ margins to volatility in raw material prices and forex rates.

Company Profile

Janatics India Private Limited, incorporated in the year 1991 is engaged in the manufacture of pneumatic components which is marketed under its own brand “Janatics”. The company has over 2500 different products that find use in various industries such as pharmaceuticals, automotive, packaging, printing, food processing, medical equipment, textile, among others. The company traces its roots to the business set up by first-generation entrepreneurs Mr. G. C. Nageswaran and Mr. K. Jaganathan in the year 1977, and commenced operations by developing customised pneumatic cylinders and valves for the textile industry. Janatics operate out of their newly constructed highly advanced facility in Seerapalayam, Coimbatore. Janatics also operates an in-house Dept. Of Scientific and Industrial Research (DSIR) approved R&D centre. The day-to-day operations of Janatics’ are currently managed by the second generation of the promoter family.

For FY 2016 Janatics provisionally reported a PAT of Rs. 10.0 crore on an operating income of Rs. 201.4 crore as against a PAT of Rs. 7.4 crore on an operating income of Rs. 175.9 crore, in FY 2015.

December 2016

¹ 100 lakh = 1 crore = 10 million

² For a complete rating scale and definitions, please refer to ICRA’s website (www.icra.in) or other ICRA rating publications.



For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Mr. Srinivasan R (Tel. No +91 44 4596 4315)
r.srinivasan@icraindia.com

Krithi Gudan K (Tel No. 044-45964345)
krithi.gudan@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500