

GDJD Exports

Instruments	Amounts (Rs. crore ¹)	Rating Action April 2016
Long-term – Fund based facilities	8.00	[ICRA]B+ re-affirmed
Short-term – Fund based facilities	1.40	[ICRA]A4 re-affirmed

ICRA has re-affirmed the long-term rating of **[ICRA]B+** (pronounced ICRA B plus)² outstanding on the Rs. 8.00 crore fund based facilities of GDJD Exports (“GDJD” / “the firm”). ICRA has also re-affirmed the short-term rating of **[ICRA]A4** (pronounced ICRA A four) outstanding on the Rs.1.40 crore fund based facilities of the firm.

The ratings factor in the longstanding experience of the promoters, and the firm’s established supplier base spread across India, which enables steady supply of high quality yarn. ICRA notes GDJD’s negligible inventory levels and its consequent positive impact on the holding costs and working capital intensity. The ratings are, however, constrained by the firm’s financial profile, characterised by thin profit margins owing to the trading nature of the business. However, margins improved in FY2016 owing to acceptance of only high margin orders, stretched capitalisation and coverage indicators, as well as by the decline in revenues during FY2015. The revenues, however, recovered during FY2016 owing to the initiatives taken by the partners. Due to the small scale of operations in a highly fragmented industry and the limited value additive nature of its trading business, the firm has limited pricing flexibility. It remains susceptible to volatility in yarn prices and is vulnerable to foreign exchange fluctuations. GDJD also remains exposed to demand volatility in key importing regions and has high customer churn rates, although its ability to add new customers and enter new geographies year on year, provides some comfort.

Firm Profile

GDJD Exports, which was established in 1990 as an offshoot of Gocooldoss Jumnadoss and Co., is primarily engaged in the trading of various varieties of yarn such as cotton yarn, polycot yarn, polyester yarn and viscose yarn, apart from small quantities of fabrics. Cotton yarn constitutes over 80% of GDJD’s sales. The firm procures raw material from spinning mills across India and supplies the yarn to customers in several overseas markets, including China, Bangladesh, Sudan, and Korea to name a few. GDJD currently has about eleven employees and is managed by the three partners—Mr. Bharat Kumar Shah, Mrs. Hema Bharat Shah and Mr. Tapan Tanmay B Shah.

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¹ 100 lakh = 1 crore = 10 million

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



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