

Jay Formulations Limited

Instrument	Amount (in Rs Crore)	Rating Action
Term Loan	3.57 (enhanced from Rs. 0.14 crore)	[ICRA]BB-(Stable) reaffirmed
Cash Credit Facility	11.00 (Enhanced from Rs. 8.00 crore)	[ICRA]BB-(Stable) reaffirmed
Short Term Non-Fund Based	13.25 (enhanced from Rs. 8.25 crore)	[ICRA]A4 reaffirmed

ICRA has reaffirmed the long term rating assigned to the Rs. 3.57 crore (enhanced from Rs. 0.14 crore) term loan and Rs. 11.00 crore¹ (enhanced from Rs. 8.00 crore) cash credit facilities of Jay Formulations Limited (JFL)² at [ICRA]BB- (pronounced ICRA double B minus). ICRA has also reaffirmed the short term rating assigned to the Rs 13.25 crore (enhanced from Rs. 8.25 crore) short term facilities of JFL at [ICRA]A4 (pronounced ICRA A four). The outlook on the long term rating is 'Stable'.

The reaffirmation of ratings takes in to account the company's modest scale of operations and weak profitability along with vulnerability of profitability to adverse fluctuations in prices of key raw materials owing to the high competitive intensity in the Indian pharmaceutical industry with presence of many players in the domestic market especially based in North Indian states of Himachal Pradesh and Sikkim. The ratings also factor in the increase in working capital intensity of the company resulting in increase in debt levels and deterioration in capital structure and coverage indicators. Further, the company's operations continue to be exposed to regulatory restrictions and socio-economic conditions in semi-regulated export markets as the future growth in income depends on exports countries.

The ratings, however, take comfort from the long standing experience of the promoters in the generics formulation industry and the established relations of the promoters with customers in domestic and export markets.

Company Profile

Jay Formulations Ltd. (JFL) was incorporated in 1988 by Mr. Ashvin Patel and is engaged in contract manufacturing of a wide range of pharmaceutical formulations in categories like pain management, anti-malarial, anti-bacterial and anti-biotic. The manufacturing unit located in GIDC Bavla, Gujarat with a current installed capacity of manufacturing ~68 crore capsules per annum. JFL is a WHO (World Health Organization) approved and ISO certified company. JFL sells generic formulations in domestic markets to MNCs, institutional buyers and established brands as well as exports products to markets in African nations such as Nigeria, Ghana, Angola, and other African countries and South-east Asian countries like Sri Lanka and Philippines. The company is currently managed by Mr. Rakshit Patel.

Recent Results

During FY2016, JFL reported an operating income of Rs. 66.9 crore and profit after tax of Rs. 0.7 crore as against an operating income of Rs 63.7 crore and profit after tax of Rs 0.7 crore in FY2015.

December 2016

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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