

Press Release

Jai Mahavir Hometex

October 13, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 12.00 crore bank facilities of Jai Mahavir Hometex. The outlook is '**Stable**'.

Jai Mahavir Hometex (Jai Mahavir), established in January, 2016 is a Haryana-based partnership firm promoted by Mr. Manoj Jain, Mr. Ashok Kumar Garg, Mr. Parveen Kumar Jain and Mr. Vinod Kumar Jain. The firm commenced operations in Oct 2016 to manufacture mink blankets and has installed capacity of 1 lakh blankets per month. The raw material (polyster and colour) is procured from Gujarat.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. Manoj Jain, Mr. Ashok Garg and others have experience of over a decade in the textile industry.

Weaknesses

- **Moderate financial risk profile**

The firm had operations for six months in FY2016-17. The networth of the firm stood at Rs.4.65 crore as on 31 March, 2017 (Provisional) which includes unsecured loan of Rs.1.60 crore as on 31 March, 2017 (Provisional) from promoters which are subordinated to bank debt. Hence, SMERA has treated them as quasi equity. The gearing of the firm stood at a moderate 1.61 times as on 31 March, 2017 (Provisional) and interest coverage at 2.12 times in FY2017. The net cash accrual to total debt (NCA/TD) stood at 0.08 times during the year.

- **Intense competition**

The firm is exposed to intense competition in the industry from various players which is likely to impact operating performance and profitability.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of the firm to arrive at the rating.

Outlook: Stable

SMERA believes that the firm will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm achieves higher than the projected growth in revenues and profitability or improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in its financial risk profile due to debt-funded capex.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), the firm reported PAT of Rs.0.03 crore on operating income of Rs.12.51 crore. The firm's net worth stood at Rs.6.25 crore as on 31 March, 2017 (Provisional). The net worth of Rs.6.25 crore in FY2017 (Provisional) includes quasi equity of Rs.1.60 crore.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B+ / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA B+ / Stable

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ABOUT SMERA

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