

Press Release

JMD Energy

August 28, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.90 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' (read as ACUITE triple B minus) to the Rs.9.90 crore bank facilities of JMD Energy (JMDE). The outlook is '**Stable**'.

JMD Energy (JMDE) based at Ratdi village in Kutch (Gujarat) was established in 2015. The partnership firm is engaged in wind power generation and supply to Gujarat Energy Transmission Corporation Limited (GETCO).

JMDE belongs to the Jaybharat group of companies based in Surat (Gujarat). The operations are currently managed by the partner's, Mr. Sajjankumar Kejriwal and Mr. Abhishek Kejriwal. The firm commenced commercial operations from September 2015 and operates a wind mill of 2.10 megawatts.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of JMDE to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced Partners**

The key Partner, Mr. Sajjan Kumar has entrepreneurial experience of more than three decades in textile and other related industries. The other Partner, Mr. Abhishek Kejriwal has a decade of experience in different industry and is associated with firm since inception. The Jaybharat group of companies is in solar and wind energy since 2004.

- **Moderate Plant Load Factor (PLF) and stable business profile**

The Jaybharat group of companies is in solar and wind energy since 2004. The group has successfully installed and manages total 15.80 MW wind turbines. The experience of the partners have helped firm in getting long-term PPA with Gujarat Energy Transmission Corporation Limited (GETCO).

Weaknesses

- **Partnership based constitution**

JMDE is exposed to the capital withdrawal risk on account of partnership constitution of the firm; which will have an impact on the credit profile of the firm. The same has been noticed in FY2018 (Provisional).

- **Inherent risk of variability in long-term wind speed and pattern**

JMDE operates in Wind power generation industry which is vulnerable to seasonality and variance in wind intensity. The vulnerability risk can be seen through decline in units generated to 48.62 lakh units in FY2018 (Provisional) as compared to 52.90 lakh units in FY2017. However, the firm has generated 24.18 lakhs in four months ending July 2018.

• **Geographic concentration:**

JMDE only operates one wind mill turbine which is concentrated in Kutch (Gujarat) dedicated for power generation for GETCO. All the other wind mills of Jaybharat group are also located in nearby area.

Outlook: Stable

Acuité believes that JMDE will maintain a 'Stable' outlook on account of steady cash flows under a PPA for an established capacity. The outlook may be revised to 'Positive' in case of generation of sustainable cash accrual, led by healthy PLF which strengthens liquidity while maintaining or improving the debt protection indicators. Conversely, the outlook may be revised to 'Negative' in case the firm reports lower than expected revenues translating to deterioration in debt protection metrics.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	2.30	3.13	0.87
EBITDA	Rs. Cr.	2.07	2.89	0.82
PAT	Rs. Cr.	0.40	0.87	-0.77
EBITDA Margin	(%)	90.06	92.14	94.01
PAT Margin	(%)	17.23	27.93	-87.69
ROCE	(%)	9.19	15.28	-2.67
Total Debt/Tangible Net Worth	Times	2.50	2.59	3.49
PBDIT/Interest	Times	3.20	2.79	1.43
Total Debt/PBDIT	Times	3.80	3.11	11.90
Gross Current Assets (Days)	Days	179	181	284

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	9.90	ACUITE BBB- / Stable

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About Acuité Ratings & Research:

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