

Press Release

J D Industries

10 September, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 11.50 Cr.
Long Term Rating	ACUITE B+/Stable (Assigned)
Short Term Rating	ACUITE A4 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long term rating of '**ACUITE B+**' (**read as ACUITE B plus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 11.50 crore bank facilities of JD Industries (JDI). The outlook is "**Stable**"

Established in 2007- JD Industries (JDI) is a Chhattisgarh based proprietorship concern engaged in manufacturing and processing of non-basmati rice with installed capacity of 20 MT per hour enhanced from 12 MT per hour in February'18. In addition, the firm is also engaged in custom milling of paddy for Food Corporation of India (FCI). The firm is promoted by Mr. Rajesh Khubwani who has over a decade of experience in rice milling business.

Key Rating Drivers

Strengths

Experienced Management and long track record of operation

Established in 2007- JDI is a proprietorship firm promoted by Mr. Rajesh Khubwani and has a long track record of over a decade in the rice milling business.

Proximity to raw material source

The firm has a manufacturing unit at Tilda (Raipur). Tilda is a major rice producing region and enables easy access to raw material i.e. paddy.

Weaknesses

Modest scale of operation

The scale of operation is modest with revenue of Rs 42.62 crs in FY 2017-18 (prov) as compare to Rs 49.21 cr in the previous year. The fall in revenue is due to the closure of the unit for a period of 4 months from August'17 to Nov'17 for dismantling of old plant and machinery and installation of new ones.

Working capital Intensive Operations

The operations are working capital intensive in nature marked by gross current asset (GCA) days of 164 for FY2018 (prov) as against 140 days in the previous year. The high GCA days are on account of inventory days of 141 in FY 18 (prov) as compare to 135 days in FY 17 which the firm maintains in order to mitigate the volatility in the paddy prices.

Moderate financial risk profile

The financial risk profile is moderate marked by modest net worth, high gearing and moderate debt protection metrics. The net worth stood at Rs. 6.99 crore as on 31 March, 2018 (Prov) compared with Rs. 5.67 crore as on 31 March, 2017. The gearing stood at high at 2.32 times as on 31 March, 2018 (provisional) compared to 3.43 times in the previous year. The interest coverage ratio (ICR) stood at 1.88 times in FY2018 (Provisional) compared to 1.71 times in FY2017. The DSCR stood at 1.43 times in FY2018 (Provisional) compared to 1.38 times in FY2017.

Outlook: Stable

Acuité believes JDI will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues and profitability while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the projected revenues and profitability, or in case of deterioration in the firm's financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

Analytical Approach: ACUITE has taken a standalone view of the business and financial risk profile of JDI.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	42.62	49.21	52.28
EBITDA	Rs. Cr.	2.59	3.24	2.80
PAT	Rs. Cr.	0.67	0.66	0.61
EBITDA Margin	(%)	6.07	6.58	5.37
PAT Margin	(%)	1.56	1.34	1.17
ROCE	(%)	9.71	12.65	24.16
Total Debt/Tangible Net Worth	Times	2.32	3.43	2.63
PBDIT/Interest	Times	1.88	1.71	1.90
Total Debt/PBDIT	Times	5.92	5.89	4.84
Gross Current Assets (Days)	Days	164	140	107

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

NA

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.50	ACUITE B+/Stable (Assigned)
Term Loans	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B+/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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