

Press Release

JMD Industries

August 16, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	ACUITE B-/ Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned the long term rating of '**ACUITE B-**' (**read as ACUITE B minus**) on the Rs. 9.00 crore bank facilities of JMD Industries. The outlook is '**Stable**'.

Madhya Pradesh-based, JMD Industries is a partnership firm established in 2013 and is engaged in manufacturing of high-density polyethylene/ Polypropylene (HDPE/PP) woven sacks. The firm is promoted by Mr. Manoj Agarwal who has over a decade of experience in the said industry.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of JMD Industries to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

JMD Industries, incorporated in 2013, is promoted by Mr. Manoj Agrawal having entrepreneurial experience of more than a decade in the same line of business.

Weaknesses

Modest scale of Operations

the company has reported operating revenue of Rs. 10.59 crore in FY 2019 (Provisional) as against Rs. 9.76 crore in FY2018 and Rs. 6.33 crore in FY2017. The margins are fluctuating with 22.33 percent in FY2019 (Provisional) as against 23.22 percent in FY2018.

Below-Average Financial Risk Profile

The financial risk profile is below average marked by tangible net worth of Rs. 4.06 crore in FY2019 (Provisional) as against Rs. 3.41 crore in FY2018. The gearing stood at 1.73 times and Debt service coverage ratio (DSCR) at 1.97 times as on March 31, 2019 (Provisional).

Liquidity Position:

The liquidity position of the firm is stretched with low net cash accruals vis-à-vis its term debt obligations. The current ratio stood at 0.72 times as on March 31, 2019 (Provisional). It has maintained unencumbered cash and bank balances of Rs. 0.06 crore as on March 31, 2019.

Outlook:

Acuité believes that JMD Industries will maintain a 'Stable' business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case of healthy growth in revenues while maintaining its operating margins, capital structure and working capital. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in operating performance or in case of liquidity position.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	10.59	9.76	6.33
EBITDA	Rs. Cr.	2.36	2.27	1.27
PAT	Rs. Cr.	0.15	(0.05)	0.00
EBITDA Margin	(%)	22.33	23.22	20.13
PAT Margin	(%)	1.41	(0.55)	0.04
ROCE	(%)	12.21	9.65	11.12
Total Debt/Tangible Net Worth	Times	1.73	2.36	2.93
PBDIT/Interest	Times	1.95	1.89	1.00
Total Debt/PBDIT	Times	2.94	3.52	6.51
Gross Current Assets (Days)	Days	237	161	211

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

None

Any other information

None

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.75	ACUITE B-/ Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.65	ACUITE B-/ Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.05	ACUITE B-/ Stable (Assigned)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	2.55	ACUITE B-/ Stable (Assigned)

Contacts

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About Acuité Ratings & Research:

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