



Rating Rationale

JMW India Pvt. Ltd.

30th August 2017

Brickwork Ratings reaffirms ratings for the long term and short term bank loan facilities of JMW India Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present [^]		Previous	Present
Fund Based Cash Credit	28.50	28.50	Long Term	BWR BBB(-) (Stable)	BWR BBB(-) (Stable) (BWR Triple B Minus) (Reaffirmed)
Non Fund Based Bank Guarantee	17.50	17.50	Short Term	BWR A3	BWR A3 (BWR A Three) (Reaffirmed)
Total	46.00	Rs. 46.00 Crores (INR Forty Six Crores Only.)			

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

[^]Annexure-I provides details of bank facilities

Ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon on audited financials of JMW India Pvt. Ltd (JMW or the ‘the Company’) upto FY17, projected financials for FY18, publicly available information and information/clarifications provided by the company.

The ratings of JMW continue to be constrained by low profitability margins along with decline in cash accruals, low value addition in its products coupled with low EBITDA margins and exposure to risk arising from the volatility in raw material prices. However, BWR derives comfort from the consistent improvement in JMW’s growth in turnover over the past two years, comfortable capital structure backed by adequate tangible network against its total debt obligations, established track record of operations in the domestic markets and improvement in its capacity utilization level during FY17. BWR also takes note of decrease in its total receivables position which resulted in an improvement in its cash conversion cycle.

Rating Outlook: Stable

BWR believes the JMW India Pvt. Ltd.’s business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium



term. The rating outlook may be revised to 'Positive' in case JMW India reports significant improvement in its top line growth & profitability levels amidst fluctuation in raw material prices and maintain its cash conversion cycle over the medium term. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Key Rating Drivers

Credit Strengths

- Improvement in turnover growth over the past two years along with its EBITDA levels.
- Continues to report comfortable financial risk profile; reflected at low gearing with absence of any term loans and adequate tangible networth during FY17.
- The company has incurred capex over the past two years; funded entirely from its internal accruals.
- Established experience of the promoters in the copper wire industry.
- Improvement in production levels of wires & cables segment during FY17.
- Satisfactory feedback from lenders.
- Cash conversion cycle of the company has improved owing to decrease in total receivables position in FY17.

Key Credit Weaknesses:

- JMW has reported low profitability margins along with decline in cash accruals during FY17.
- Exposure to risks arising from the volatility in raw material prices.

Analytical Approach

BWR has applied its rating methodology as detailed in the Ratings Criteria (hyperlinks provided at the end of this rationale).

About the Company

JMW India Pvt Ltd (JMW) was incorporated in the year 1997, promoted by Mr. Manoj Kumar Jain who has over two decades of experience in this industry. It is engaged in the manufacturing & trading of Oxygen Free Copper (OFC) rods and strips. Trading activity contributes 54.55% of the total turnover achieved during FY17. JMW has also diversified into other products such as copper conductors, strips and bus bars along with paper covered strip. Currently, it has two manufacturing units, located at Jammu and Bhiwadi (Rajasthan) with a total installed capacity of manufacturing 10,000 MTPA of Oxygen Free Copper (OFC) rods, OFC strips and paper covered copper strips as on March 31, 2015.



Company Financial Performance

JMW reported turnover of Rs. 362.26 Crs in FY17 against Rs. 322.09 Crs in FY16. PAT for FY17 stood at Rs. 1.45 Crs against Rs. 2.18 Crs in FY16. Tangible networth of the company as on 31st March 2017 was Rs. 40.88 Crs. TOL/TNW ratio improved to 1.62 times in FY17 as against 1.95 times in FY16.

Key financial indicators are summarized in Annexure II below.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	30 March 2016	2015	2014
1	Cash Credit	Long Term	28.50	BWR BBB – (Stable) (Reaffirmed)	BWR BBB – (Stable)	N.A.	N.A.
2	Bank Guarantee	Short Term	17.50	BWR A3 (Reaffirmed)	BWR A3	N.A.	N.A.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Annexure I – Details of Rated Facilities

Name of the Bank	Facility	Tenure	Previous Rated Limits in Amt.(Rs Cr)	Current Limits Amt. (Rs. Crs)
State Bank of India, SME BR, SHAHDRA, DELHI32	Fund Based Cash Credit Limit	Long Term	18.00	18.00
Kotak Mahindra Bank	Cash Credit		10.50	10.50
State Bank of India	Non Fund Based Bank Guarantee	Short Term	7.00	7.00
Kotak Mahindra Bank	Bank Guarantee		10.50	10.50
Total			46.00	46.00

Annexure II – Key Financial Indicators

Particulars	FY16 (A)	FY17 (A)
Total Operating Income (Rs. Crs)	322.09	362.26
EBITDA (Rs. Crs)	6.71	7.05
PAT (Rs. Crs)	2.18	1.45
Total Tangible Networth (Rs. Crs)	39.44	40.88
Total Debt: TNW	0.97	0.79
Current Ratio (times)	1.29	1.34

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly



100

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