

Rating Rationale

Brickwork Ratings assigns 'BWR BBB –/A3' for the Bank Loan facilities of ₹ 46 Cr of JMW India Pvt Ltd

Brickwork Ratings assigns the following **Ratings**¹ for the Bank Loan facilities of Rs. 46 Crores of JMW India Pvt. Ltd (JMW or the 'company'):

Facility	Limits (Rs. Crs)	Tenure	Rating [^]
<u>Fund based –</u> Cash Credit	28.50	Long term	BWR BBB – (BWR Triple B Minus) (Outlook : Stable)
<u>Non-Fund Based –</u> Bank Guarantee	17.50	Short Term	BWR A3 (BWR A Three)
Total	46.00	(INR Forty Six Crores Only)	

BWR has principally relied upon the audited financial results of JMW upto FY15, provisional performance for 9M FY16, projected financials upto FY17, information/clarifications provided by the company and other publicly available information.

The assigned ratings derive comfort from the extensive experience of the promoters in the copper wire rods industry, consistent improvement in its top line by introducing new value added products, comfortable capital structure as reflected at adequate networth against its total debt coupled with absence of term debt and average working capital management with moderate operating cycle. The ratings, however, are constrained by low profitability margins and exposure to risk arising from the volatility in raw material prices.

Company Profile

JMW India Pvt Ltd (JMW), Delhi was established in 1997 as a private limited company. JMW is engaged in the manufacture and trade of Oxygen Free Copper (OFC) rods and strips. Currently, it has two manufacturing units, located at Jammu and Bhiwadi (Rajasthan), with a total installed capacity of 10,000 MTPA of OFC rods, OFC strips and paper covered copper strips. In the current financial year, JMW has diversified its product profile by introducing copper conductors, strips, bus bars along with paper covered strip with a total installed capacity of 3000 MTPA. It supplies products mainly to power cable and transformer manufacturing industries.

Ownership & Management

JMW been promoted by Mr. Manoj Kumar Jain, Managing Director, who has over two decades of experience in the copper industry. He looks after the overall business activities of the company. Mr. Ashish Jain, one of the directors, oversees production activity of the company.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance

Operating income increased from Rs. 307.73 Crs in FY14 to Rs. 321.68 Crs on account of increase in sales from trading activity. Trading activity contributed 41.55% of the total turnover generated in FY15. Due to limited value addition to its finished products, JMW's operating profit declined slightly from Rs. 5.53 Crs in FY14 to Rs. 4.91 Crs in FY15. However, the same is expected to improve on account of introducing value-added high margin products in the current financial year.

JMW's total tangible networth stood at Rs. 36.99 Crs against the total debt of Rs. 26.62 Crs in FY15.

Rating Outlook

JMW's top line has improved consistently from the past two years. However, net margins remain at less than 1 per cent during the same year.

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to maintain its top line growth and improve its profitability margins significantly, improve its interest coverage metrics, maintain its capital structure and working capital management would remain the key sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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