



Rating Rationale

Jindal Worldwide Limited

20th July 2017

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. Rs. 431.30 Crore (INR Four Hundred Thirty One Crores and Thirty Lakhs Only/-) of Jindal Worldwide Limited (JWL)

Particulars

Facilities	Previous Limit	Current Limits*	Tenure	Previous Rating (24 Sep 2016)	Ratings [^] (Upgraded)
Fund Based:	358.00	330.40	Long Term	BWR A (Pronounced BWR A) (Outlook – Stable)	BWR A+ (Pronounced as BWR A Plus) (Outlook – Stable)
CC / WCDL	135.00	135.00			
TL	223.00	195.40			
Non Fund Based:	100.00	100.90	Sort Term	BWR A2+ (Pronounced BWR A Two Plus)	BWR A1 (Pronounced as BWR A One)
LC	100.00	100.90			
Total	458.00	431.30	(INR Four Hundred Thirty One Crore and Thirty Lakhs Only/-)		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials up-to FY17, unaudited financials of Q1 FY 17-18, projected financials, publicly available information and information/clarifications provided by the company's management.

The ratings, *inter alia*, factor the Jindal Worldwide Limited's status as the flagship company of Jindal Group, experience of promoters/management in the textile industry, and the company's year on year growth in revenue and profitability. The ratings, however, are constrained by the increasing capacity additions being created by the Denim Industry in the State of Gujarat, JWW Group's capex programs, moderately leveraged balance sheet and decline in operating/PAT margins.

The company's ability to achieved projected revenues and profitability in an increasingly competitive market, manage working capital efficiently, and improve gearing would be the key rating sensitivities.



Rating Outlook: Stable

BWR believes the **Jindal Worldwide Limited'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 the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Jindal Worldwide Limited (JWL), promoted by Dr. Yamunadutt Agrawal, was incorporated in 1986. It is a BSE and NSE listed company and has its manufacturing facilities situated in Ahmedabad.

JWL's product profile comprises of Denim Fabric, Yarn Dyed shirting's and bottom width, as well as export centric home furnishing items. JWL has an installed capacity for Denim manufacturing of 74 million meters p.a. (which contributes 73% of revenues), 35 million meters p.a. capacity for dyeing and bleaching of fabric (21%), and 1 million sets p.a of home furnishing items (6%). The Company also has spinning capacity of 45 tons per day. JWL has captive power plant of 4.5 MW.

Jindal Worldwide Limited (JWL) is promoted and managed by Agrawal family. Dr. Yamunadutt Agrawal is the founder and Chairman of the Board and has more than four decades of experience. Mr. Jitendra Agrawal is the Vice Chairman and Mr. Amit Agrawal the Managing Director Are two other promoter directors looking after key management functions. Apart from Mr. Vikram Oza, Director Finance, there are three other Directors on the Board.

Company Financial Performance

During FY17, JWL's operating income registered a 14.75% increase touching Rs. 1157.85 Crs (Rs. 1009.06 Crs in FY 16), with operating margins of 11.62%. Profit After Tax was at Rs. 66.56 Crs (Rs. 40.27 Crs in FY16). Company's net worth improved to Rs. 283.64 Crs, due to profit retentions. JWL has availed Term Loans and Fund and Non-fund working capital facilities from multiple banks, with Bank of India as the Lead. Overall Debt:Equity Ratio improved to 1.31x in FY 17 against 1.61x in FY16.

Further, as per unaudited Q1FY18 financials, the company's revenue stood at Rs. 348.12 Crs. and they have a decent order book on hand.

Rating History for the last three years

Sn .	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	24-Sep-2016	14-Oct-2015	2014
1	Fund Based	Long Term	330.40	BWR A+ (Stable)	BWR A (Stable)	BWR A- (Stable)	NA
2	Non Fund Based	Short Term	100.90	BWR A1	BWR A2+	BWR A2+	NA



Hyperlink/Reference to applicable Criteria

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

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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 cities.

DISCLAIMER

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