

Rating Rationale

Brickwork Ratings Upgrades Long term Rating to 'BWR A' & reaffirms short term rating to 'BWR A2+' for Bank Loan facilities aggregating ₹ 458.00 Cr of Jindal Worldwide Limited

Brickwork Ratings have upgraded/reaffirmed following **Ratings¹** for Bank Loan facilities of Jindal Worldwide Limited.

Facilities	Previous Limits (₹ Cr)	Current Limits (₹ Cr)	Tenure	Previous Rating (14 October 2015)	Current Rating
Fund Based:				BWR A-	BWR A
CC / WCDL	135.00	135.00	Long Term	(Pronounced BWR A Minus)	(Pronounced BWR A) (Outlook – Stable) (Upgrade)
TL	230.94	223.00		(Outlook – Stable)	
Non Fund Based:				BWR A2+	BWR A2+
LC	100.00	100.00	Short Term	(Pronounced BWR A Two Plus)	(Pronounced BWR A Two Plus) (Reaffirmation)
Total	465.94	458.00	INR Four Hundred Fifty Eighty Crore Only/-		

BWR has essentially relied upon audited financials up-to FY16, unaudited financials of Q1 FY 16-17, 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, is constrained by the moderately leveraged balance sheet, debt funded expansion programs, and moderate debt protection indicators.

Background and Profile:

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 is setting up captive power plant of 4.5 MW. Total project cost is Rs.30.61 Cr out of which Bank Borrowings will be Rs.23.00 Cr (TL) & remaining portion will be by way of internal accruals.

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

Promoter & Management Profile:

Jindal Worldwide Limited (JWL) is promoted and managed by Agrawal family, which holds over 80% of the share-holding. The balance is held by the public. Dr. Yamunadutt Agrawal is the founder, and Chairman of the Board. and has He 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.

Financial Performance:

During FY16, JWL's operating income registered a 20% increase touching Rs.1009.06 Cr (Rs. 840.09 Cr in FY 15), with operating margins of 13.98%. Profit After Tax was at Rs.40.27 Cr (Rs. 26.64 Cr). Company's net worth improved to Rs.212.22 Cr, due to internal accruals. 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 stood at 1.61x.

Further, as per unaudited Q1FY17 financials, the company's revenue stood at Rs.275.40 Cr and they have a decent order book on hand.

Rating Outlook:

The Denim market is growing in India, and FY16 has been a good year for the company in terms of sales & profitability. Outlook for the next year is expected to be Stable. The company's ability to achieved projected revenues and profitability, manage working capital efficiently, and improve gearing would be the key rating sensitivities.

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