

JULY 13, 2016

CARE ASSIGNS 'CARE BB' AND 'CARE A4' RATINGS TO THE BANK FACILITIES OF JINDAL FIBRES PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	19.71	CARE BB (Double B)	Assigned
Short term Bank Facilities	4.00	CARE A4 (A Four)	Assigned
Total Facilities	23.71 (Rupees Twenty Three crore and Seven One lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Jindal Fibres Private Limited (JFPL) are constrained by its fluctuating scale of operations, working capital intensive nature of operations and customer concentration risk. The ratings are further constrained by the susceptibility of margins to volatility in raw material prices & foreign exchange and inherent cyclical nature in the auto component industry. The ratings, however, derive strength from JFPL's experienced & resourceful promoters, improving operating profit margins, moderate solvency position and diversified product profile.

Going forward, the ability of the company to profitably scale up of operations while improving the overall solvency position and managing the working capital requirements efficiently, will remain the key rating sensitivities.

Background

JFPL, was incorporated in the year 1995. The company is currently being promoted by Mr Vijay Jindal (Managing Director), Mr Pradeep Sareen, Mr Gaurav Jindal and Mr Aditya Sareen. JFPL is engaged in the manufacturing of non-woven fabrics such as felts, interlinings, and mattress felts, etc. The company has two manufacturing facilities one each in Ludhiana (Punjab) and Dharmapuri (Tamil Nadu) with a combined capacity of 9,000 tonnes per annum (TPA), as on March 31, 2016. The company's products find applications mainly in the automobiles industry, while other industries being catered to include apparels, home furnishings, etc. Apart from that, JFPL is also engaged in trading of knitted cloth. The company achieved ~21% of the total operating income in FY16 (Prov.; refers to the period April 1 to March 31) from the trading of knitted cloth.

Besides JFPL, the directors are also engaged in other group concerns, namely, Jindal Woolltex Industries (established in 1971 and engaged in the processing of textile fabric business), Elbrina Enterprises Private Limited (established in 2000 and engaged in manufacturing of quilts, bed sheet, pillows, etc), Asiatic Exports & Imports (established in 1988 and engaged in imports of textile fibre) and Syntax Polyfibres Private Limited (established in 2004 and engaged in trading of polyester fibre).

In FY15, the company reported a total operating income of Rs.90.73 crore with PAT of Rs.0.62 crore as against total operating income of Rs.93.59 crore with PAT of Rs.0.57 crore in FY14. In FY16 (Provisional), the company has achieved a total operating income of Rs.59.87 crore, with PAT of Rs.0.40 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691