OCTOBER 20, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF JINDAL WORLDWIDE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	333.78 [reduced from Rs.348.03 crore]	**CARE BBB+ (Triple B Plus)**	Reaffirmed
Short term Bank Facilities	100.00	**CARE A2 (A Two)**	Reaffirmed
Long term / Short term Bank Facilities	29.65	**CARE BBB+ / CARE A2 (Triple B Plus / A Two)**	Reaffirmed
Total Facilities	**463.43 (Rupees Four thousand sixty-three crore and Forty-three lakh only)**		

Rating Rationale

The ratings assigned to the bank facilities of Jindal Worldwide Ltd (JWL) continue to derive strength from vast experience of its promoters in the textile industry, its established track record in denim fabric manufacturing along with diversified revenue profile. The ratings further takes into account the benefits derived from completion of its expansion and backward integration projects leading to growth in total operating income with improvement in profitability and cash accruals.

The ratings, however, are constrained by high leverage on account of recently commissioned debt funded capex; inherent cyclicality associated with the denim fabric industry, exposure to fluctuation in cotton and cotton yarn prices and risk associated with adherence to stringent pollution control norms.

Improvement in profitability and capital structure along with efficient management of working capital while managing the volatility associated with the raw material prices are the key rating sensitivities. Further, company taking up any large size debt funded capex and its exposure towards its group companies in form of corporate guarantee would be a key monitorable.

Background

JWL, promoted by Dr. Yamunadutt Agrawal, was incorporated in 1986. Until 2005, JWL was engaged in production of home textile such as bed sheets, quilts cover & curtains, suiting and shirting fabrics and bottom weights. In 2005, JWL ventured into denim fabric manufacturing and also expanded its capacity in home textile products. Currently, the company manufactures denim fabrics and undertakes manufacturing, dyeing and printing of fabrics in home textiles and suiting and shirting fabrics.

As on June 30, 2015, JWL had an installed capacity of 74 million meters per annum (MMPA) (increased from 61 MMPA as on March 31, 2015) for denim fabric and 35 MMPA for cotton fabric processing and 1 million sets per annum for Made-ups at its manufacturing facility located at Gopalpur, Ahmedabad. JWL also has backward integration with its spinning capacity of 48 Metric Tonnes Per Day (MTPD) as on June 30, 2015.

As per the audited result for FY15 (refers to period April 1 to March 31), JWL reported a total operating income of Rs.846 crore (FY14: Rs.791 crore) and PAT of Rs.27 crore (FY14: Rs.25 crore). Further, as per un-audited results for three month ending June 30, 2015, JWL reported a total operating income of Rs.247 crore and PAT of Rs.9 crore.

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

Analyst Contact
Name: Mr. Krunal Modi
Tel: 079-4026 5614
Cell: + 91 85111 90084
Email: krunal.modi@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT

Head Office Mumbai

Mr. Sanjay Kumar Agarwal
Mobile: + 91 8108007676
E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar
Mobile: + 91 9819084000
E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

CIN - L67190MH1993PLC071691