NOVEMBER 26, 2014

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF JINDAL WORLDWIDE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	348.03 (enhanced from Rs.319.74 crore)	**CARE BBB+ (Triple B Plus)**	Revised from CARE BBB (Triple B)
Long-term / Short-term Bank Facilities	29.65	**CARE BBB+ / CARE A2 (Triple B Plus / A Two)**	Revised from CARE BBB / CARE A3+ (Triple B / A Three Plus)
Short-term Bank Facilities	100.00	**CARE A2 (A Two)**	Revised from CARE A3+ (A Three Plus)
Total Facilities	**477.68**		

Rating Rationale

The revision in the ratings of Jindal Worldwide Ltd (JWL) takes into account consistent improvement in capacity utilization leading to growth in its total operating income along with improved profitability and gross cash accruals. The revision in ratings also takes into account reducing dependence on cyclical denim fabric manufacturing and completion of its backward integration project into spinning.

Further, the ratings continue to derive strength from vast experience of JWL's promoters in the textile industry, its established track record in denim fabric manufacturing along with diversified revenue profile.

The ratings, however, are constrained by ongoing large debt funded expansion in denim business and inherent cyclicality associated with it and exposure to fluctuations in cotton and cotton yarn prices.

Improvement in profitability and capital structure while managing volatility associated with raw material prices and early stabilization of its ongoing expansion project are the key rating sensitivities.

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 products in home textiles and suiting and shirting fabrics.

As on September 30, 2014, JWL had an installed capacity of 50 million meters per annum (MMPA) 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 Narol near Ahmedabad.

During FY14 (Audited; refers to the period April 1 to March 31), JWL reported a total operating income of Rs.791 crore (FY13: Rs.609 crore) and PAT of Rs.25 crore (FY13: Rs.14 crore). Further as per the un-audited result for Q1FY15, JWL reported a total operating income of Rs.217 crore and PAT of Rs.7 crore.

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

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

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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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