

Jagatjit Industries Ltd.

June 17, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	90.00	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	Revised from CARE B+; Stable; Issuer not cooperating
Long-term/ Short-term Bank Facilities	20.00	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	Revised from CARE B+; Stable/CARE A4; Issuer not cooperating
Total	110.00 (Rs. One hundred and ten crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 29, 2019, placed the ratings of Jagatjit Industries Ltd (JIL) under the 'Issuer not cooperating' category as Jagatjit Industries Ltd had failed to provide information for monitoring of the rating as agreed to in its rating Agreement. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating of Jagatjit Industries Ltd bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

In view of the deterioration in the financial profile of the company in FY19 (refers to period from April 01 to March 31) as per the audited financials of the company and non-availability of any further information and lack of management cooperation, CARE has revised the rating for bank loan facilities of Jagatjit Industries Ltd from CARE B+; Stable/ CARE A4; ISSUER NOT COOPERATING to CARE D; ISSUER NOT COOPERATING. The rating revision takes into account the stressed liquidity position of the company. The total PBILDT of JIL for FY19 is Rs 13.16 crore which is not sufficient to cover the interest cost for the year amounting to Rs 72.59 crore. The rising interest cost have adversely impacted its financial profile leading to losses in FY19 and writing down of its net-worth as well. With the weakening of its financials position leading to stress in the liquidity, JIL is unlikely to meet its Interest & debt obligations in a timely manner. However, as the company has failed to provide information for monitoring of the rating, the ratings are based on the best available information.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Criteria for Short term instrument](#)
[Rating Methodology-Manufacturing companies](#)
[Financial ratios – Non-Financial Sector](#)

About the Company

Jagatjit Industries Ltd. was promoted by Mr. L.P. Jaiswal is primarily involved in manufacturing and distribution of IMFL under its flagship brand, Aristocrat, in the domestic market. JIL also manufactures country liquor in Punjab. Liquor sales account for ~90% of the company's total sales. The Company has a market share of around 10% of IMFL industry with

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

*Issuer did not cooperate; Based on best available information

ARISTOCRAT, ARISTOCRAT PREMIUM, AC BLACK, BONNIE SPECIAL, BINNIES and AC SEKC as the leading brands available across the Country. Country liquor is manufactured and sold in the State of Punjab and the Company has market share of around 12% in the state of Punjab. Company is also engaged in manufacturing of Malted milk foods & dairy products which accounts ~6% of company's total sales.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total Operating Income	396.45	278.88
PBILDT	-7.04	13.16
PAT	-70.11	-64.72
Overall gearing (times)	2.03	2.22
Interest coverage (times)	-0.13	0.18

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	60.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - LT/ST-BG/LC	-	-	-	20.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	-	30.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	60.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Mar-19) 2)CARE B+; Stable (04-Apr-18)	-	-
2.	Non-fund-based - LT/ ST-BG/LC	LT/ST	20.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (29-Mar-19) 2)CARE B+; Stable / CARE A4 (04-Apr-18)	-	-
3.	Fund-based - LT-Term Loan	LT	30.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Mar-19) 2)CARE B+; Stable (04-Apr-18)	-	-

Note on complexity levels of the rated instrument: 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.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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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