

## Rating Rationale

08 Jan 2020

### Jatalia Global Ventures Pvt Ltd.

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹ 66 Crores of Jatalia Global Ventures Pvt Ltd.

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Sep 2019)	Present
Fund Based	15	14	Long Term	BWR C	BWR D (Downgrade)
Non-fund Based	60	52	Short Term	BWR A4	
<b>Total</b>	75	66^	INR Sixty Six Crores Only		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

^Rating amount includes Rs 29.50 Cr of proposed facilities

#### RATING ACTION :

The rating of Jatalia Global Ventures Ltd. is downgraded following the intimation received from its lender that the account has been classified as a non performing asset. Further, there is no new disclosure made by the company on the BSE website regarding the status of the judicial custody of its MD, Mr. Anil Kumar Jain. As per the initial disclosure made on 24.07.2019, the MD was taken into judicial custody by the Directorate General GST Intelligence. Further, the company has posted steep downfall in its Q2FY20 revenues (Rs 12.32 Crores) from Rs 48.20 Crores in previous quarter and the loss also worsened from Rs 0.44 Crores (Q1FY20) to Rs 0.98 Crores (Q2FY20). Three of the company's directors resigned as per the company's disclosure dated 01.10.2019. Presently, Mrs Anshu Jain is at the helm of company's affairs in the absence of the MD, Mr Anil Kumar Jain.

#### KEY RATING DRIVERS

##### Credit Risks:

- **Intimation received from the bank:** BWR gathered information pertaining to the company's accounts from its lender. It was confirmed by the bank that the accounts of the company are recognised as a non performing asset.

- **Various disclosures made by the company revealing some material events:** Earlier, the company has disclosed that its MD, Mr Anil Kumar Jain was under the judicial custody of Directorate Generate GST Intelligence as per their announcement dated 24th July 2019. It has further stated that the company is contesting the case in appropriate court of law and its financial impact on the company depends on the outcome of the case. Further, as per the disclosure made on the 4th September 2019 on the BSE website, the company accepted the resignation of its auditors and its CFO in the board meeting dated 03rd Sept 2019, raising concerns over the management control. Later, three of the company's directors also resigned as per the disclosure dated 01.10.2019.
- **Poor financial performance in FY20:** The company's revenues dipped to Rs 12.32 Crores in Q2FY20 against Rs 90.49 Crores in the same quarter of the previous year. The company continued to post losses in the last two quarters while it recorded a profit of Rs 0.72 Crores in Q4FY19.

## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

The rating of Jatalia Global Ventures Ltd. is arrived at on a standalone basis after independent evaluation of its financial risk profile. For arriving at its ratings, BWR has applied its rating methodology as detailed in the rating criteria detailed below (hyperlinks provided at the end of this rationale)

## **RATING SENSITIVITIES**

**Positive:** The rating may be upgraded if the operations of the company's accounts are restored and there are no statutory dues payable by the company. The company must also submit the No default Statement coupled with satisfactory feedback from its lenders along with other favorable factors supporting an upgrade.

**Negative:** Nil

## **LIQUIDITY POSITION (Poor)**

Company's liquidity remains poor owing to the current state of affairs in the company.

## **COMPANY PROFILE**

The company was incorporated in 1999 as Vishakha Infotech Ltd and subsequently changed the name to Jatalia Global Ventures Ltd in 2011. The Company is engaged in the high-seas trading of a range of products including computer peripherals, bitumen, clear float glass, polymers, copper, ferro-silicon, aluminum, agro commodities etc. It caters to both domestic and international markets. Mr. Anil Kumar Jain is the Managing Director of the Company. He is supported by an able team of whole time directors and management personnel to oversee operations.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY 19	FY 18
Result Type (Standalone)		Audited	Audited
Total Operating Income	₹ Cr	286.88	464.99
OPBDIT	₹ Cr	12.49	9.56
PAT	₹ Cr	2.80	3.32
Tangible Net Worth	₹ Cr	36.85	34.04
Total Debt/Tangible Net worth	Times	0.18	0.20
Current Ratio	Times	1.68	1.47

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED**

NA

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY**

NA

**RATING HISTORY (including ratings suspended/withdrawn)**

Instrument / Facilities	Current Rating			Rating History			
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	24 Sep 2019	04 July 2019	20 June 2019	19 Mar 2018
<b>Fund Based</b>	Long Term	14	BWR D	BWR C	BWR BBB (Stable)	Rating Not Reviewed Advisory	BWR BBB+ (Stable)
<b>Non-fund Based</b>	Short Term	52		BWR A4	BWR A3		BWR A3+

<b>Total</b>	<b>66</b>	<b>₹ Sixty Six Crores Only</b>
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### COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

#### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Companies](#)

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### Jatalia Global Ventures Ltd.

#### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Allahabad Bank	Fund Based CC Limit	14		14
		Non Fund Based ILC/FLC/BG		49.50	49.50
		Forward Letter of Credit		2.50	2.50
<b>Total:</b>			<b>14</b>	<b>52</b>	<b>66*</b>

**Total Rupees Sixty Six Crores only.**



**\*The rating amount includes Rs 29.50 Crs of proposed limits. The company's existing facilities are Rs 5.00 Crs (CC Limit) and Rs 31.50 Crs (LC limit) with Allahabad Bank.**

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