

## Rating Rationale

### Brickwork Ratings reaffirms the Ratings to ‘BWR BB+’ & assigns ‘BWR A4’ for the Bank Loan facilities aggregating to ₹25.91 crores of Jindal Niryat Limited.

Brickwork Ratings reviews the **Ratings<sup>1</sup>** of the Bank Loan facilities aggregating Rs. 25.91 crores of Jindal Niryat Limited. (JNL or The Company) (Outlook: Stable)

Facility	Previous Limits (₹ Cr)	Existing Limits (₹ Cr)	Tenure	Previous Rating June 2015	Present Rating June 2016
Cash Credit (Fund Based)	25.00	25.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook: Stable)	BWR BB+ (Pronounced BWR Double B Plus) (Outlook: Stable) <b>(Reaffirmed)</b>
Term Loan (Fund Based)	-	0.75			
Bank Guarantee (Non-Fund Based)	-	0.16	Short Term	-	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	<b>25.00</b>	<b>25.91</b>	(INR Twenty Five Crores and Ninety One lakhs Only)		

BWR has principally relied upon the audited financial results up to FY15 and publicly available information and information/clarifications provided by the company.

The rating draws strength from the experienced management, established manufacturer operations, Improvement in total operating income, increase in net worth lead to improvement in gearing and regular orders being received from customers through the network of dealers and distributors. The rating is, however, is constrained by the company’s moderate scale of operations, falling profit margins, moderate debt protection metrics and high working capital intensity nature of business

#### Background:

Jindal Niryat Ltd (JNL) is a closely held public company established in July 1995. The Company is involved in processing and trading of Basmati rice (local and export). It has two processing plants at Delhi and Gujarat with a total capacity to process 2400 MT of rice/per month. The manufacturing process involves sorting, grading and polishing of purchased brown rice. Majority of the revenue of the Company comes from the in house processing activities. During FY15, Of the total rice dealt with by the Company, 95% were Basmati and others were Non-Basmati.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Directors of the Company are Ms. Sanjiva Jain, Mr. Abhishek Jindal and Mr. Madan Jindal. All are actively involved in the business.

**Financial Performance:**

As per FY15 audited Financials, JNL’s Tangible Net Worth improved from Rs. 10.68 Cr in FY14 to Rs. 19.37 Cr in FY15. Total Operating Income in FY15 stood at Rs. 113.22 Cr, as against Rs. 98.76 Cr in FY14. Operating profit margins declined from Rs. 5.05 Cr in FY14 to Rs. 4.20 Cr in FY15. Debt to Equity Ratio improved from 2.96 times in FY14 to 1.31 times in FY15. Operating Margin has declined to 3.71 % in FY15 from 5.11% in FY14. ISCR declined to 1.03 times in FY15 from 1.78 times in FY14. As per the information provided by the management, provisional revenue for FY16 is Rs 117 Cr

**Rating Outlook:**

The outlook of the company is expected to be stable for the current year. Going forward, the Company’s ability to improve the scale of operation & margins, diversify the customer base and efficient management of working capital cycle would be the key rating sensitivities. The outlook is expected to be stable over the year.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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