



RATING RATIONALE

17 Nov 2021

Jindal Worldwide Ltd

Brickwork Ratings upgrades the long term ratings and reaffirms the short term ratings for the Bank Loan Facilities of Rs.565.66 Crs. of Jindal Worldwide Ltd and reaffirms rating for the Commercial Paper amounting to Rs 50.00 Crs .

Particulars:

Instrument/ Facility**	Amount (Rs in Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2021)	Present
Bank Loan Rating					
Fund based	445.66	415.66	Long Term	BWR A+ (Stable)	BWR AA- (Stable) Upgraded
Non Fund Based	140.00	150.00	Short Term	BWR A1+	BWR A1+ Reaffirmed
Commercial Paper(CP)	50.00	50.00	Short Term	BWR A1+	BWR A1+ Reaffirmed
Total	635.66	615.66	Rupees Six Hundred and Fifteen Crores and Sixty Six Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

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

Ratings:Upgraded the long term ratings and reaffirmed for short term bank loan facilities and CP.

RATING ACTION / OUTLOOK

The rating of Jindal Worldwide Ltd (JWL or the Company) has been upgraded to BWR AA- and the short term rating has been reaffirmed to BWR A1+ on account of the strong group presence, improvement in the financial performance of the Company, moderate financial risk profile, and adequate liquidity.

The ratings have also considered the resilience of the Company to recover post the impact of COVID-19, volatility in the price of raw materials, and lean profitability margins.

BWR believes the Jindal Worldwide Ltd business risk profile will be maintained over the medium term, and the Stable outlook is maintained to reflect the likely improved performance in FY21, despite the pandemic situation.

KEY RATING DRIVERS

Credit Strengths:-

Extensive experience of the promoters: JWL is promoted and managed by the Agrawal family. Dr. Yamunadutt Agrawal is the founder and Chairman of the Board and has more than four decades of experience. Mr. Amit Agrawal is the Managing Director; there are two other promoter directors looking after key management functions. Other board members include Mr. Vikram Oza, Director, Finance.

Healthy financial risk profile: Moderate gearing with the total debt/TNW standing at 1.06x in FY21. Average debt protection metrics with the ISCR and DSCR standing at 2.36x and 1.59x respectively in FY21. The same is expected to improve on account of the COVID moratorium availed, resulting in reduction of repayment obligations. The same has improved to 4.07x and 3.63x respectively in H1 FY22.

Improvement in the revenues: The company projected revenues of ~1200 cr in the wake of the COVID 19 pandemic for FY21, however, they have managed to surpass the same. JWL registered a revenue of Rs 1699.62 Crs for FY21 on a consolidated basis. For H1 FY22 the Company registered a revenue of Rs 1154.93 Crs as compared to Rs 468.21 Crs in H1 FY21. The profit margins have also visibly increased in H1 FY22. The Company has an order book of ~ Rs 1307.00 Crs to be executed till the end of FY22 which will enable the Company to meet and possibly surpass its projected revenues for FY22 with ease.

Diversified customer base and long standing relations with the customers: The company has long standing relations of over a decade with the customers which ensures continuous flow of orders. The quick cash conversion cycle and the strong relationship with vendors also ensures limited inventory-related risk. A diversified customer base, policy of limiting credit exposure to a single customer, and moderate credit period offered provide a safeguard against counterparty credit risks.

Credit Risks:-

Volatility in raw material prices: The Company's margins remain exposed to fluctuations in the prices of the raw material, cotton. Cotton prices could go up if the export market picks up, thus putting pressure on margins. The variation in input costs cannot always be passed on immediately, but with a lag.

Impact of COVID-19 on the textile sector: The textiles industry in India is export-centric and labour-intensive. Thus, it is still recovering from the effects and after-effects of the pandemic. While the domestic demand is picking up, it may be some more time till the export market also gets back to pre-Covid levels and more.



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the consolidated performance of Jindal Worldwide Ltd. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the Company's ability to improve the scale of operations, improve and maintain profitability, along with the debt servicing capability and liquidity, will be key rating sensitivities.

Positive: The rating may be upgraded if the Company is able to achieve significant growth in revenue and profitability backed by a favourable industry scenario and optimum utilisation of capacities.

Negative: The rating may be downgraded if lower-than-expected revenues affect profitability margins, coverage ratios, liquidity and gearing ratios adversely.

LIQUIDITY POSITION: Adequate

The company has already received an additional GECL limit of Rs 71.18 cr from the consortium which will augment the working capital. The Company had an unencumbered cash balance of Rs 34.21 Cr and cash accruals amounting to Rs 76.68 Cr in FY21 on a consolidated basis which are sufficient to repay its long term debt obligations during the current year. The long term debt repayment obligations for FY21 have come down to Rs 28.01 Cr on account of the COVID moratorium and the FY22 cash accruals are expected to amplify to ~ Rs 104.30 Cr as the company expects to hit its pre covid level performance for FY22. The average CC utilisation of the company for the last 12 months was ~64%, thus as a result of the same, the company has unutilised CC limits to provide additional liquidity cushion. To add to it the CP of Rs. 25 Crores is issued by earmarking existing limits of Bank of India, Punjab National Bank & Indian Overseas Bank, and the additional CP may also be similarly supported. On the half yearly front, the ROCE has improved to 15.44% in H1 FY22, furthermore the Company has cash accruals amounting to Rs 56.79 Crs and the current ratio stands at 1.63x as per H1 FY22.

COMPANY PROFILE

Jindal Worldwide Limited (JWL) is the flagship company of Ahmedabad-based Jindal Group; it is promoted by Dr. Yamunadutt Agrawal, and it was incorporated in 1986. It is a BSE- and NSE-listed company. JWL's product profile consists of denim fabric, yarn dyed shirting and bottom width, as well as export-centric home furnishing items.

JWL has an installed capacity for denim manufacturing of 120 million meters p.a., bottom weight fabrics: 25 million metres, premium shirting: 25 million metres, dyed yarn: 1200 metric tonnes and Bedsheets: 10000 pieces/day. The Company also has a spinning capacity of 45 tonnes per day. JWL has a captive power plant of 4.5 MW. As earlier indicated, JWL also benefits from the additional weaving capacity created in their Textile Park.

KEY FINANCIAL INDICATORS (CONSOLIDATED)

Key Financial Indicators	Unit	FY20 Audited	FY21 Audited
Total Operating Income	(in Rs Crs)	2198.95	1699.62
EBITDA	(in Rs Crs)	139.04	116.34
PAT	(in Rs Crs)	28.48	44.21
Tangible Net Worth	(in Rs Crs)	375.65	419.86
Total debt/ TNW	Times	1.04	1.06
Current ratio	Times	1.40	1.66

KEY FINANCIAL INDICATORS (STANDALONE)

Key Financial Indicators	Unit	FY20 Audited	FY21 Audited
Total Operating Income	(in Rs Crs)	2016.55	1699.58
EBITDA	(in Rs Crs)	138.92	124.10
PAT	(in Rs Crs)	32.03	44.10
Tangible Net Worth	(in Rs Crs)	375.73	419.82
Total debt/ TNW	Times	1.00	1.04
Current ratio	Times	1.39	1.70

KEY COVENANTS OF THE FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY FOR THE PREVIOUS 3 YEARS [including withdrawal/suspended]

Instrum ents/ Facilities	Current Rating			Chronology of Rating History for previous three years (Rating Assigned & date, rating withdrawn/ suspended if applicable)								
	Nov 2021			18 May,2020			3 Sep 2019			27 July 2018		
	Tenure	Amt (₹ Cr)	Rating	Tenur e	Amt (₹ Cr)	Rating	Tenur e	Amt (Rs Crs)	Rating	Tenure	Amt (Rs Crs)	Rating
Fund Based	Long Term	415.66	BWR AA- (Stable) Upgraded	Long Term	362.96	BWR A+ (Stable) Downgraded	Long Term	410.19	BWR AA- (Stable) Reaffirmed	Long Term	438.90	BWR AA- (Stable) Upgraded
Non Fund Based	Short Term	150.00	BWR A1+ Reaffirmed	Short Term	150.00	BWR A1+ Reaffirmed	Short Term	150.00	BWR A1+ Reaffirmed	Short Term	151.00	BWR A1+ Upgraded
Commer cial Paper	Short Term	50.00	BWR A1+ Reaffirmed	Short Term	100.00	BWR A1+ Assigned	NA	NA	NA	NA	NA	NA
	May 2021			2020			2019			2018		
	Tenure	Amt (₹ Cr)	Rating	Tenur e	Amt (₹ Cr)	Rating	Tenur e	Amt (Rs Crs)	Rating	Tenure	Amt (Rs Crs)	Rating
Fund Based	Long Term	445.66	BWR A+ (Stable) Reaffirmed	Long Term	NA	NA	Long Term	NA	NA	Long Term	NA	NA
Non Fund Based	Short Term	140.00	BWR A1+ Reaffirmed	Short Term	NA	NA	Short Term	NA	NA	Short Term	NA	NA
Commer cial Paper	Short Term	50.00	BWR A1+ Reaffirmed	Short Term	NA	NA	Short Term	NA	NA	Short Term	NA	NA
Total		615.66	Rupees Six Hundred and Thirty Five Crores and Sixty Six Lakhs Only									

COMPLEXITY LEVELS OF THE INSTRUMENTS

Bank loan rating : Simple

CP : Simple



For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)
- [Consolidation of Companies](#)
- [Commercial Paper](#)

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ANNEXURE I - Details of Bank Facilities rated by BWR

Sl. No.	Name of the lender	Type of Facilities	Long Term (Rs in Crs)	Short Term (Rs in Crs)	Total (Rs in Crs)
1.	Bank Of India	Term Loan	16.18	-	16.18
		Covid Loan o/s	2.83	-	2.83
		GECL	12.50	-	12.50
		CC	50.00	-	50.00
		LC/BG	-	15.00	15.00
2.	PNB	Term Loan	14.40	-	14.40
		Covid Loan o/s	3.03	-	3.03
		GECL	11.64	-	11.64
		CC	42.00	-	42.00
		LC/BG	-	6.00	6.00
3.	SBI	Term Loan	27.57	-	27.57
		Covid Loan o/s	1.37	-	1.37
		GECL	13.71	-	13.71
		CC	35.00	-	35.00
		LC/BG	-	31.00	31.00
4.	IndusInd Bank	CC	5.00	-	5.00
		LC/BG	-	60.00	60.00
5.	Union Bank Of India	Term Loan	17.83	-	17.83
		Covid Loan o/s	1.69	-	1.69
		GECL	10.56	-	10.56
		CC	35.00	-	35.00

		LC/BG	-	20.00	20.00
6.	Indian Overseas Bank	Term Loan	0.53	-	0.53
		Covid Loan o/s	0.00	-	0.00
		GECL	10.00	-	10.00
		CC	50.00	-	50.00
		LC/BG	-	18.00	18.00
7.	Saraswat Bank	Term Loan	1.09	-	1.09
		Covid Loan o/s	-	-	-
		CC	30.00	-	30.00
8.	Bank of Maharashtra	Term Loan	5.26	-	5.26
		GECL	11.97		11.97
		CC	3.00	-	3.00
9.	Indian Bank	Term Loan	2.70	-	2.70
		GECL	0.80	-	0.80
TOTAL (Rs in Crs)					565.66
Total Rupees Five hundred and sixty five crores and sixty six lakhs only					

ANNEXURE II - Details of Instruments rated by BWR

Sl. No.	Type of Facilities	Long Term (Rs in Crs)	Short Term (Rs in Crs)	Total ((Rs in Crs)
1	Commercial Paper (Proposed)	-	25.00	25.00
2	Commercial Paper	-	25.00	25.00
Total Rupees Fifty Crores only				

ANNEXURE III - Details of Consolidated Entities

Sl. No.	Name of the entity	Relation
1	Planet Spinning Mills Pvt Ltd	Wholly Owned Subsidiary
2	Kashyap Tele Medicines Ltd	Associate

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