

Brickwork Ratings upgrades the long term ratings of Jindal Worldwide

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Jindal Worldwide said that Brickwork Ratings had upgraded the long term ratings and reaffirmed the short term ratings for the bank loan facilities of Rs 565.66 crore.

Brickwork Ratings (BWR) said that the rating of Jindal Worldwide (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.

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.

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.

The rating may be downgraded if lower-than-expected revenues affect profitability margins, coverage ratios, liquidity and gearing ratios adversely, the ratings agency said.

Jindal Worldwide is the flagship company of Ahmedabad-based Jindal Group. Its product profile consists of denim fabric, yarn dyed shirting and bottom width, as well as export-centric home furnishing items.

The company's consolidated net profit rose 42.10% to Rs 25.01 crore on a 52.41% increase in net sales to Rs 630.51 crore in Q2 FY22 over Q2 FY21.

The scrip rose 2.47% to end at Rs 167.95 on the BSE on Thursday.

The domestic stock market is shut today, 19 November 2021 on account of Guru Nanak Jayanti.