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ICRA assigns LBB and A4 ratings to bank facilities of Jindal Texofab Limited; assigns stable outlook

ICRA has assigned LBB (pronounced L double B) rating to Rs. 127.5 million fund based limits of Jindal Texofab Limited (JTL)[†]. The rating carries stable outlook. ICRA has also assigned A4 (pronounced A four) rating to the Rs. 5 million Non-Fund Based Limits of JTL[†].

The ratings reflect the high business risk profile of JTL on account of its moderate scale of operations and high dependence on group companies; significant fluctuations in its operating income depending on the supply arrangements with group companies; its moderate profitability; and high gearing. The ratings are however supported by experienced promoters, long track record of operations and improving outlook for the textile sector.

Company Profile

Jindal Texofab Limited (JTL) is a part of the Jindal group of companies which are based in Ahmedabad and involved in the textiles business. JTL was promoted in 1991 by Mr. Yamunadutt Agarwal and his family members. Mr. Yamunadutt Agarwal is a first generation entrepreneur who promoted the Jindal Group of companies in 1976. The other companies in the group are Jindal Worldwide Limited, Amitara Overseas Ltd. and Texcellence Overseas Ltd. All these companies are engaged in the business of manufacturing of textile products mainly cotton made-ups and denim products. JTL mainly acts as the processing house for the group and largely does job-work for group companies. The company has the capacity to process 50 million meters of grey cloth per annum.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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