

## Press Release

Jindal Earth Mines

October 31, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 5.50 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs. 5.50 crore bank facilities of Jindal Earth Mines. The outlook is '**Stable**'.

JEM was established in November 2014 as a partnership entity by Mr. Amit Kumar Jindal with his son Mr. Navya Jindal and wife, Mrs. Vandana Jindal as partners. JEM is engaged in crushing of stones in the state of Madhya Pradesh (MP). JEM acts as backward integration for Amit Jindal (AJ).

### Analytical Approach

Acuité has considered the consolidated financial and business risk profile of JEM and AJ, hereafter referred to as Jindal group, to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Established track record of operations**

Jindal Group (JG) is promoted by Mr. Amit Kumar Jindal who has been in similar line of business for more than 2 decades through his proprietorship firm by the name of Amit Jindal. JEM acts as backward integration for AJ.

- **Moderate financial risk profile**

JG has moderate financial risk profile as marked by net worth of Rs.8.73 crore in FY2018 (Provisional) as compared to Rs.8.16 crore in FY2017. The gearing of the firm is comfortable at 1.07 times in FY2018 (Provisional) as against 0.88 times in the previous year. Out of the total debt of Rs.9.33 crore, long term debt contributes to about Rs.4.92 crore, short term debt contributes to about Rs.3.62 crore and remaining is in the form unsecured loans. Interest coverage ratio is comfortable at 2.50 times in FY2018 (Provisional) as against 2.59 times in the previous year.

#### Weaknesses

- **Intensive working capital cycle**

JG has intensive working capital cycle requirements as marked by Gross Current Asset (GCA) days of 387 in FY2018 (Provisional) as compared to 223 in the previous year. Increase in GCA is mainly on account of increased debtor days from 83 in the previous year to 142 in FY2018 (Provisional) which is year-end figure. Inventory days have increased from 134 in FY2017 to 224 days in FY2018 (Provisional) because of unbilled revenue.

- **Declining and small scale of operations**

JG has limited scale of operations as marked by operating revenue of Rs.11.63 crore in FY2018 (Provisional) as compared to Rs.17.72 crore in the previous year. AJ has order book visibility of Rs.25.00 crore which are expected to be executed by FY2019.

#### Outlook: Stable

Acuité believes that the outlook on 'JG's' rated facilities will remain 'Stable' over the medium term on back of its promoter's extensive experience in the industry. The outlook may be revised to 'Positive' in case of strong growth in scale of operations while sustaining improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations, profitability

and working capital requirement.

#### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.63	17.72	24.90
EBITDA	Rs. Cr.	2.58	2.97	2.92
PAT	Rs. Cr.	0.41	0.72	0.53
EBITDA Margin	(%)	22.18	16.74	11.74
PAT Margin	(%)	3.56	4.06	2.11
ROCE	(%)	9.09	12.18	21.37
Total Debt/Tangible Net Worth	Times	1.07	0.88	1.01
PBDIT/Interest	Times	2.50	2.59	2.48
Total Debt/PBDIT	Times	3.38	2.26	2.69
Gross Current Assets (Days)	Days	387	233	180

#### Any other information

None.

#### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>

#### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

#### Rating History (Upto last three years)

Not Applicable

#### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.60	ACUITE B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	2.40	ACUITE B+ / Stable

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**About Acuité Ratings & Research:**

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