

Rating Advisory

January 17, 2018 | Mumbai

Ganges Jute Private Limited

Advisory as on January 17, 2018

This rating advisory is provided in relation to the rating of Ganges Jute Private Limited

The key rating sensitivity factors for the rating include:

- Ability to maintain operating margin
- Demand slowdown in export market
- Significant support to group companies

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Ganges Jute Private Limited (GJPL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If GJPL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

Hooghly (West Bengal)-based GJPL, incorporated in March 2002 by Mr Abhishek Poddar, commenced production in April 2005. It manufactures, processes, and trades in jute. The company's promoter has experience of over three decades. GJPL also has spinning facilities with capacity of 8,392 spindles. It also has a lamination plant.

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Rating Rationale

November 14, 2016 | Mumbai

Ganges Jute Private Limited
Ratings Reaffirmed

Total Bank Loan Facilities Rated	Rs.1861.6 Million
Long Term Rating	CRISIL BBB+/Stable (Reaffirmed)
Short Term Rating	CRISIL A2 (Reaffirmed)

(Refer to Annexure 1 for Facility-wise details)

CRISIL's ratings on Ganges Jute Private Limited (GJPL) continue to reflect diversified product and revenue profiles and healthy financial risk profile, marked by a large network, conservative capital structure and strong interest coverage ratio. These strengths are partially offset by large working capital requirement resulting in high utilisation of its bank limits, susceptibility to raw material price movement resulting in volatile operating margin, and presence in the regulated jute industry.

Outlook: Stable

CRISIL believes GJPL will continue to benefit over the medium term from increased focus on improving the share of value-added-products. The outlook may be revised to 'Positive' if efficient working capital management results in reduced focus on external debt thereby improving liquidity or sustained scale up of operation and comfortable operating profitability results in increased cash accruals. Conversely, the outlook may be revised to 'Negative' if a large debt-funded capital expenditure weakens capital structure and debt protection metrics, or if revenue declines driven by a slump in demand from the export markets.

About the Company

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Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Bank Guarantee	130	CRISIL A2	Bank Guarantee	130	CRISIL A2
Cash Credit	110	CRISIL BBB+/Stable	Cash Credit	110	CRISIL BBB+/Stable
Letter of Credit	370	CRISIL A2	Letter of Credit	370	CRISIL A2
Packing Credit	580	CRISIL A2	Packing Credit	580	CRISIL A2
Packing Credit	60	CRISIL BBB+/Stable	Packing Credit	60	CRISIL BBB+/Stable
Proposed Long Term Bank Loan Facility	300.1	CRISIL BBB+/Stable	Proposed Long Term Bank Loan Facility	300.1	CRISIL BBB+/Stable
Term Loan	311.5	CRISIL BBB+/Stable	Term Loan	311.5	CRISIL BBB+/Stable
Total	1861.6	--	Total	1861.6	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Manufacturing Companies](#)

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