

Rating Advisory
February 10, 2022 | Mumbai

Jinaams Dress Limited

Update as on February 10, 2022

This rating advisory is provided in relation to the rating of Jinaams Dress Limited

The key rating sensitivity factors for the rating include:

Upward factors

- * Track record of timely debt servicing for 90 days or more
- * Significant improvement in liquidity due to restructuring of debt or infusion of equity or a sizeable realization of payments from customers

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 Ratings is yet to receive adequate information from Jinaams Dress Limited (JDL) to enable it to undertake a rating review. CRISIL Ratings 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 Ratings views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings' criteria available at the following link, https://www.crisil.com/content/dam/crisil/criteria_methodology/basics-of-ratings/assessing-information-adequacy-risk.pdf)

If JDL continues to delay the provisioning of information required by CRISIL Ratings to undertake a rating review then, in accordance with circulars SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016, SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 and **SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dt January 3, 2020** issued by Securities and Exchange Board of India, CRISIL Ratings will carry out the review based on best available information and issue a press release.

About the Company

JDL was set up in 2002, in Surat, Gujarat, by Mr Hemraj Oswal; it is currently being managed by Mr Rahul Oswal and his brothers, Mr Pritam Oswal and Mr Vishal Oswal. The company manufactures readymade garments, primarily women's wear, which it sells under its own brands.

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Rating Rationale

November 04, 2020 | Mumbai

Jinaams Dress Limited

Ratings downgraded to 'CRISIL D/CRISIL D'

Rating Action

Total Bank Loan Facilities Rated	Rs.37 Crore
Long Term Rating	CRISIL D (Downgraded from 'CRISIL BB-/Negative')
Short Term Rating	CRISIL D (Downgraded from 'CRISIL A4')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its ratings on the bank facility of Jinaams Dress Ltd (JDL) to '**CRISIL D/CRISIL D**' from 'CRISIL BB-/Negative/CRISIL A4'.

CRISIL has taken cognizance of application made by JDL for restructuring of its bank facilities under Reserve Bank of India (RBI) guidelines issued on August 06, 2020-'Resolution Framework for COVID-19-related Stress'. However final approval for same it still pending.

The downgrade reflects poor liquidity profile marked by overutilization of cash credit facility for over 30 days even prior to the application of restructuring.

The ratings continue to reflect large working-capital requirement and below-average debt protection metrics. These rating weaknesses are partially offset by an established market presence supported by the extensive experience of the promoters in the domestic readymade garments industry.

Key Rating Drivers & Detailed Description

Weaknesses

* Delays in Servicing of Debt

There have been overutilization of cash credit facility for over 30 days on account of stretched liquidity position.

* Large working capital requirement

Gross current assets, inventory and receivables were high at 583 days, 359 days and 183 days, respectively, estimated as on March 31, 2020. Operations are expected to remain working capital intensive over medium term.

* Below-average debt protection metrics

The metrics have moderated in fiscal 2020, with interest coverage ratio of 1.5 times as against 2.8 times in fiscal 2019. The ratio is expected to deteriorate significantly in fiscal 2021.

Strength

* Established market presence, backed by experience of the promoters

Supported by the extensive experience of the promoters, the company has established its position in the domestic readymade garments market for more than a decade. The promoters have maintained a longstanding relationship with customers while successfully navigating through several business cycles.

Liquidity Poor

Liquidity is poor as reflected in weak liquidity profile marked by overutilization of cash credit facility. In fiscal 2021, the promoters infused Rs 1.5 crore to support liquidity. Net cash accrual is expected to be negative in fiscal 2021 against repayment obligation of around Rs 1

crore for fiscal 2021; thereby further constraining liquidity.

Rating Sensitivity factors

Upward factors

* Track record of timely debt servicing for 90 days or more

* Significant improvement in liquidity due to restructuring of debt or infusion of equity or a sizeable realization of payments from customers

About the Company

JDL was set up in 2002, in Surat, Gujarat, by Mr Hemraj Oswal; it is currently being managed by Mr Rahul Oswal and his brothers, Mr Pritam Oswal and Mr Vishal Oswal. The company manufactures readymade garments, primarily women's wear, which it sells under its own brands.

Key Financial Indicators

Particulars	Unit	2020	2019
Revenue	Rs crore	91.89	149.7
Profit after tax (PAT)	Rs crore	0.45	7.83
PAT margin	%	0.49	5.2
Adjusted debt/adjusted networkth	Times	0.48	1.25
Interest coverage	Times	1.5	2.8

Status of non cooperation with previous CRA:

JDL has not cooperated with Brickwork Rating India Pvt Ltd, which has classified it as non-cooperative through a release dated March 20, 2020. The reason provided is non-furnishing of information for monitoring the ratings.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit www.crisil.com/complexity-levels.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs cr.)	Complexity Levels	Rating Assigned with Outlook
NA	Bank Guarantee	NA	NA	NA	0.24	NA	CRISIL D
NA	Cash Credit	NA	NA	NA	30	NA	CRISIL D
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	6.76	NA	CRISIL D

Annexure - Rating History for last 3 Years

	Current			2020 (History)		2019		2018		2017		Start of 2017
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	36.76	CRISIL D	17-09-20	CRISIL BB-/Negative	15-05-19	CRISIL BBB-/Stable	30-08-18	CRISIL BB+/Stable	25-07-17	CRISIL BB+/Stable	CRISIL BB+/Negative
				01-06-20	CRISIL BB+/Negative							
Non Fund-based Bank Facilities	LT/ST	0.24	CRISIL D	17-09-20	CRISIL A4	15-05-19	CRISIL A3	30-08-18	CRISIL A4+	25-07-17	CRISIL A4+	CRISIL A4+
				01-06-20	CRISIL A4+							

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	.24	CRISIL D	Bank Guarantee	.24	CRISIL A4

Cash Credit	30	CRISIL D	Cash Credit	30	CRISIL BB-/Negative
Proposed Fund-Based Bank Limits	6.76	CRISIL D	Proposed Fund-Based Bank Limits	6.76	CRISIL BB-/Negative
Total	37	--	Total	37	--

Links to related criteria

[CRISIL's approach to Covid-19-related restructuring](#)

[CRISILs Approach to Financial Ratios](#)

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

[Rating criteria for manufacturing and service sector companies](#)

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