

Press Release

Jaliyan Proteins Private Limited (JPPL)

07 May, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 25.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as SMERA B) on the Rs. 25.00 crore bank facilities of Jaliyan Proteins Private Limited (JPPL). The outlook is 'Stable'.

Incorporated in 2016- Jaliyan Proteins Private Limited (JPPL) is undertaking a greenfield project to set up a multipurpose edible oil (palm, cotton seed, soya etc) refinery with an installed capacity of 200 tons per day at Kutch, Gujarat. The company is promoted by Thakkar family who has over two decades of experience in several businesses including cotton ginning and pressing.

Key Rating Drivers

Strengths

Experienced management

The company was promoted by Thakkar family comprising of Mr. Sureshbhai Dayarambhai Thakkar, Mr. Dineshkumar Dayaram Thakkar, Mr. Pradipkumar Vasantlal Thacker, Mr. Pravinkumar Dayaram Thakkar and Mr. Piyushkumar Rashikbhai Udecha who has over two decades of experience in several businesses including cotton ginning and pressing.

Weaknesses

No operational track record

The company is yet to commence operation and the greenfield project to set up a multipurpose edible oil refinery is completed to the extent of ~ 85 per cent. The project is likely to get completed by May'18. The total project cost is estimated at Rs 22.50 crore funded through a term loan of Rs 14 crore and the balance from promoter's contribution.

Susceptibility of profitability margins to volatility in raw material prices

Since the raw materials are agricultural products, the availability and pricing of the same depends upon various factors including the monsoon, area under cultivation, domestic demand among others. Hence, the profitability margins are susceptible to fluctuations in the prices of raw materials.

Presence in unorganized sector with competition from other players

The domestic edible oil industry is fragmented in nature with competition from various organized and unorganized players.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of JPPL.

Outlook: Stable

SMERA believes that JPPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company completes the project within the envisaged period and registers projected revenue and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of delay in implementing the project or achieving lower than expected revenue and profitability.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.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.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	14.00	SMERA B/ Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B/ Stable

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