

Press Release

Jaya Nutritiions Private Limited

May 28, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.50 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' (**read as ACUITE BBB minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) on the Rs. 12.50 crore bank facilities of Jaya Nutritiions Private Limited. The outlook is '**Stable**'.

Based in Patna, Jaya Nutritiions Private Limited (JNPL) was incorporated in 2010 by Mrs. Jaya Bala, Mr. Shashank Priyadarshi and Mr. Nitin Abhishek. The company is primarily engaged in the processing of wheat into Maida, Suji, Atta and Bran. The installed production capacity of the company is 170 tonnes per day.

Analytical Approach

For arriving at its rating, Acuité has consolidated the business and financial risk profiles of Jaya Nutritiions Private Limited, Shri Shri Shambhunath Food Private Limited and Tara Enterprises. The consolidation is in view of similar line of business, common management and intercompany transactions.

Key Rating Drivers

Strengths

- **Improvement in operational performance**

The revenue of the group has grown with CAGR of 23.50 percent for the last 3 years ending FY2019. Further the revenue stood at Rs.142.66 crore in FY2019 (Provisional) as compared to Rs.114.92 crore in FY2018 and Rs.101.61 crore in FY2017.

- **Above average financial risk profile**

The financial risk profile of the group is above average marked by tangible net worth of Rs.11.53 crore as on 31 March 2019 (Provisional) as against Rs.10.33 crore in the previous year. Gearing (debt-equity) of the group stood at 0.47 times as on 31 March 2019 (Provisional) as against 0.37 times as on 31 March 2018. The coverage indicators are healthy marked by interest coverage ratio (ICR) which stood at 2.45 times for FY2019 (Provisional) as against 2.45 times for FY2018. DSCR stood at 2.19 times for FY2019 (Provisional) as against 2.07 times in the previous year. Total outside liabilities to tangible net worth (TOL/TNW) stood at 0.70 times as on 31 March 2019 as against 0.83 times as on 31 March 2018. Acuité believes the financial risk profile of the group will remain above average backed by moderate net cash accruals and no major debt funded capex in near to medium term.

- **Efficient working capital management**

The operations of the group are working capital efficient marked by the GCA days of 29 days in FY2019 (Provisional) as against 30 days in FY2018. This was primarily on account of inventory days of 18 days in FY2019 as against 20 days in FY2018.

Weaknesses

- **Vulnerability to the availability of raw materials**

The wheat processing industry is exposed to agro-climatic risks, which might affect the availability of wheat in adverse weather conditions. Further, given the highly regulated nature of the commodity market, the raw material availability and in turn the group's operations are exposed to changes in government policies

- **Low profitability margins**

The competition prevailing in the wheat processing industry, as characterized by the presence of many players along with relatively low value-additive nature of operations, limits the pricing flexibility and keep the profit margins under check.

Liquidity Profile

The group has comfortable liquidity position marked by comfortable net cash accruals to its maturing debt obligation. The group has generated net cash accruals of Rs.1.79 crore for the FY2019 with no maturing debt obligation for the same period. The group maintains unencumbered cash and bank balances of Rs. 0.54 crore as on 31 March 2019 as against Rs.0.16 crore as on 31st March 2018. The current ratio of the group stood at 1.57 times as on March 31, 2019 and 1.35 times as on 31st March 2018. The operations of the group stood working capital efficient in nature marked by Gross Current Assets (GCA) of 29 days in FY2019 as against 30 days in FY2018. Acuité believes that the liquidity of the group is likely to remain moderate over the medium term on account of moderate cash accrual against no major debt repayments over the medium term.

Outlook: Stable

Acuité believes that the group will maintain a 'Stable' outlook over the medium term on the back of its experienced management. The outlook may be revised to 'Positive' if the group achieves more than envisaged sales while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the group fails to achieve growth in revenue and profitability and the financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirement.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	142.66	114.92	101.61
EBITDA	Rs. Cr.	3.64	2.72	2.48
PAT	Rs. Cr.	1.14	0.68	0.38
EBITDA Margin	(%)	2.55	2.37	2.44
PAT Margin	(%)	0.80	0.59	0.37
ROCE	(%)	19.49	11.92	8.39
Total Debt/Tangible Net Worth	Times	0.47	0.37	1.12
PBDIT/Interest	Times	2.45	2.45	2.35
Total Debt/PBDIT	Times	1.48	1.35	4.47
Gross Current Assets (Days)	Days	29	30	55

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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	12.50	ACUITE BBB- / Stable (Assigned)

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About Acuité Ratings & Research:

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