

**Press Release**  
**Thakurji Solvex Private Limited**  
**April 05, 2024**  
**Rating Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	117.13	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	1.87	-	ACUITE A3+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	119.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.119.00 crore bank facilities of Thakurji Solvex Private Limited (TSPL). The outlook is '**Stable**'.

**Rationale for Rating Reaffirmation**

The rating reaffirmation is on account of stable operating and financial performance of the company. The operating income of the company stood at Rs. 333.13 crore in FY2023 as against Rs. 385.79 crore in FY22. In 10MFY2024 revenues stood at Rs. 250.83 Cr. and is expected to close the year in the range of Rs.300-320 Cr. In terms of profitability, the company has maintained its operating margins. It recorded an EBITDA margin of 4.04 percent in FY2023 as against 3.46 percent in FY2022. In 10MFY2024, the margins improved and stood to 4.23 percent. The overall gearing stood at 1.76 times as on March 31, 2023 as against 1.87 times as on March 31, 2022. The rating also draws comfort from established track record of operations and extensive experience of promoters in the packaging business. However, the working capital intensive nature of operations of the company and susceptibility of profitability margins to fluctuations in raw material prices provide a negative bias to the rating. Going forward, the Company's ability to improve its scale of operations while maintaining its profitability margins and capital structure and restricting the elongations of its working capital cycle will remain a key rating monitorable.

**About the Company**

Incorporated in 2013, Maharashtra based Thakurji Solvex Pvt Ltd is engaged in solvent extraction with capacity of 300 tonnes per day and refining of oil with capacity of 100 tonnes per day. TSPL's current product portfolio includes cotton seed based lint, de oil cake, wash oil, hulls etc. TSPL has its extraction and refining facilities located in Jalna. The company has its presence in domestic as well as international markets such as South Korea and USA. The Company is currently promoted by Mr. Manoj Dhruwkumar Peety along with his family members

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone view of the business and financial risk profile of TSPL to arrive at the rating

## Key Rating Drivers

### Strengths

#### > Experienced Management with established track record of operations

The promoter, Mr. Manoj Dhruwkumar Peety has an experience in the edible oil industry for more than two decades. The extensive experience of the promoters and established presence in the industry has helped the company to generate healthy relations with various customers and suppliers in the domestic market as well as international market. In the international market, the company has its presence in South Korea and USA. The operating income of the company stood at Rs. 333.13 crore in FY2023 as against Rs. 385.79 crore in FY22. In 10MFY2024 revenues stood at Rs. 250.83 Cr. and is expected to close the year in the range of Rs.300-320 Cr. In terms of profitability, the company has maintained its operating margins. It recorded an EBITDA margin of 4.04 percent in FY2023 as against 3.46 percent in FY2022. In 10MFY2024, the margins improved and stood to 4.23 percent.

Acuité believes that the TSPL's promoter's experience and the established track record of operations of the company will support its business risk profile over near to medium term.

#### > Moderate Financial Risk Profile

TSPL has moderate financial risk profile marked by moderate networth, high gearing and average debt protection metrics. The networth increased to Rs. 35.77 Cr. in FY2023 as against Rs. 33.73 Cr. in FY2022. The networth increased due to accretion of profits to reserves and USL infused by promoters and directors subordinated to bank debt upto Rs. 13.35 Cr. The company's total debt stood at Rs. 62.90 Cr. as on March 31, 2023 as against Rs. 63.09 Cr. as on March 31, 2022. The total debt of Rs. 62.90 Cr. as on March 31, 2023 includes long term loans of Rs. 15 Cr, short term loans (CC) of Rs. 40.29 Cr. and unsecured loans from promoters and directors of Rs. 7.61 Cr. The company's overall gearing improved marginally to 1.76 times as on March 31, 2023 as against 1.87 times as on March 31, 2022. The TOL/TNW stood at 2.11 times as on March 31, 2023 as against 2.13 times as on March 31, 2022. The ICR stood at 2.14 times in FY23 as against 2.70 times in FY22. The NCA/TD stood at 0.10 times in FY2023 as against 0.12 times in FY2022.

### Weaknesses

#### > Working capital intensive nature of operations

TSPL has moderately working capital intensive nature of operations marked by Gross Current Assets (GCA) days of 91 days in FY2023 as against 71 days in FY22. This is majorly due to high inventory days. The company's inventory days stood at 53 days in FY2023 as against 41 days in FY22. The collection period stood at 17 days in FY2023 as against 12 days in FY22. The collection terms are around 30 days. The creditor days stood at 11 days in FY2023 as against 6 days in FY22. The company does not have any fixed payment terms but early payment earns the company discounts and hence the creditor days are on lower side. The working capital gap is funded by working capital borrowings from Bank. The utilisation is on an average around 87.23 percent for twelve months period ended January, 2024.

Acuite believes the company's ability to restrict elongation in its working capital cycle will be a key rating sensitivity.

#### > Susceptibility to fluctuations in agro-based raw material price

TSPL's operations are exposed to the inherent risks associated with the agriculture-based commodity business, such as availability of raw materials, fluctuations in prices, and changes in government regulations. The company is engaged in the extracting and refining of edible oil. The prices of crude edible oil are volatile in nature hence the profitability is highly susceptible to the ability of the company to pass on the same to its customers. Further, the demand-supply of soya bean oil and De-oiled cake (DOC) is affected by change in regulations in exporting and importing countries.

### Rating Sensitivities

- > Significant improvement in scale of operations, while maintaining its profitability margins.
- > Elongation of working capital cycle
- > Deterioration in liquidity position

### Liquidity Position

## **Adequate**

TSPL has adequate liquidity position marked by healthy net cash accruals against maturing debt obligations. The company generated cash accruals of Rs. 6.43 Cr. in FY23 against maturing debt obligations of Rs. 4.94 Cr. over the same period. The cash accruals of the company are estimated to remain around Rs. 7-9 crore during 2024-25 period against maturing debt obligations of around Rs. 3-4 Cr. The gross current asset days stood at 91 days in FY2023. The bank limit utilisation is on an average around 87.23 percent for twelve months period ended January, 2024. Also, the company maintained unencumbered cash and bank balances of Rs. 4.97 crore as on March 31, 2023. The current ratio of the company stood at 1.47 times as on March 31, 2023. Acuite believes that the liquidity position would be adequate over the medium term on account of moderate cash accruals as against repayment obligations.

## **Outlook: Stable**

Acuite believes that TSPL will maintain a 'Stable' outlook in the near to medium term on account of its stable business risk profile supported by its established position in the market and diversified revenue profile. The outlook may be revised to 'Positive' if the entity registers higher-than-expected growth in its scale of operations, while also improving its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the financial risk profile deteriorates due to a higher-than-expected increase in debt-funded capex or working capital requirements resulting in deterioration in the overall capital structure or lower than expected generation of revenue and profitability.

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	333.13	385.79
PAT	Rs. Cr.	2.04	2.79
PAT Margin	(%)	0.61	0.72
Total Debt/Tangible Net Worth	Times	1.76	1.87
PBDIT/Interest	Times	2.14	2.70

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

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Jan 2023	Term Loan	Long Term	2.07	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	3.73	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	3.76	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	7.72	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	47.00	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	22.85	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE BBB   Stable (Assigned)
	Proposed Short Term Bank Facility	Short Term	1.87	ACUITE A3+ (Reaffirmed)
	Warehouse Receipt Financing	Short Term	25.00	ACUITE A3+ (Assigned)
03 Jan 2022	Proposed Long Term Bank Facility	Long Term	22.85	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	47.00	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	7.72	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	3.76	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	3.73	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	2.07	ACUITE BBB   Stable (Assigned)
	Proposed Short Term Bank Facility	Short Term	1.87	ACUITE A3+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	65.00	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	41.45	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.87	ACUITE A3+   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2025	Simple	1.51	ACUITE BBB   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2027	Simple	2.16	ACUITE BBB   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2024	Simple	1.33	ACUITE BBB   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	Simple	5.68	ACUITE BBB   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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