

Press Release

Jayachandran Global Refineries Private Limited

February 22, 2023



Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE B Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	20.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITÉ B**' (read as **ACUITE B**) on the Rs. 20.00 Cr. bank facilities of Jayachandran Global Refineries Private Limited (JGRPL). The outlook is '**Stable**'.

Rating Rationale

The rating assigned reflects JGRPL's experienced management. The management of JGRPL is the same as of its group company, Jayachandran Alloys Private Limited, which has been in existence for more than 4 decades, and the management has diverse experience. JGRPL is engaged in the manufacturing of aluminium and plastic granules industry to supply to automobile manufacturers and across other industry domains. The rating is however constrained by the company's nascent stage and modest scale of operations, customer concentration risk and presence in the highly competitive and cyclical nature of the industry. Ability of the company to improve its scale of operations & profitability will remain a key rating sensitivity factor.

About the Company

Jayachandran Global Refineries Private Limited, incorporated in 2021. The Tamilnadu based company is an emerging aluminium alloys and plastic granules manufacturing company. JC Global is found & led by C. Pradeep the man who is the founder & Director of JC Groups. He has developed JC groups in to an IMS certified company manufacturing lead & lead alloy. Lead oxides, Batteries and plastics employing 800 People, 750 crore turnover, handling 50000 Mt per annum globally. Mrs. Shrudhi Mahalakshmi is also a director of this company.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of JGRPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

The company is promoted by its group company's promoters - Jayachandran Alloys Private Limited, wherein, Mr. P. Anbalagan and his four brothers are the promoters. JGRPL is currently manufacturing plastic granules, however, it is to commence aluminium manufacturing in Q4 of

FY 23. The company is to supply its manufactured products to automobile industry and other industries.

Acuité believes that the company is expected to continue to benefit from the experience of the directors in the industry over the medium term.

Weaknesses

Nascent stage and modest scale of operations

JGRPL is operating at a very nascent stage since it got incorporated in 2021 and the commercial operations commenced in July 2022 and therefore has a modest scale of operations reflected in the revenue of Rs. 5.36 Cr for the period July 2022 to November 2022. Concurrently, the company recorded an EBITDA of Rs. 1.29 Cr, which translates to EBITDA Margin of 24.06 percent for the said period.

Acuite believes the increase in scale of operations and profitability is a key rating sensitivity.

Competitive Industry

The company operates in a highly competitive industry, wherein, the company is faced with competition from multiple participants. Thus, JGRPL is likely to face competition in the initial stages of establishing its operations and capturing market share.

Acuité believes that JGRPL's revenues to be exposed and tied to cyclical demand prospects of the automobile industry and the presence of other players which leads to increased competition.

Rating Sensitivities

- Ability to improve scale of operations and profitability

Material covenants

None

Liquidity Position

Adequate

The company has received disbursement of term loan funds, and also, the promoters have infused advance capital of Rs. 7.58 Cr during FY 23. Thus, Acuite believes that the liquidity of the company is likely to improve over the medium term.

Outlook: Stable

Acuité believes the outlook on JGRPL will remain 'Stable' over the medium term backed by its experienced management. The outlook may be revised to 'Positive' if the company is able to ramp up its scale of operation along with improvement in the profitability margins. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in profitability, financial risk profile and liquidity position of the company.

Other Factors affecting Rating

None

About the Rated Entity - Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	-	-
PAT	Rs. Cr.	-	-
PAT Margin	(%)	-	-
Total Debt/Tangible Net Worth	Times	-	-
PBDIT/Interest	Times	-	-

*The Company commenced commercial operations in FY23, due to which the financials for FY22 & FY21 are not available.

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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

Rating History:

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE B Stable Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.43	ACUITE B Stable Assigned
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.57	ACUITE B Stable Assigned
Kotak Mahindra Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	8.00	ACUITE B Stable Assigned

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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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