



**Press Release**  
**Jayachandran Global Refineries Private Limited**  
**December 29, 2023**  
**Rating Upgraded**

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

**Rating Rationale**

Acuite has upgraded its long term rating to '**ACUITÉ B+**' (read as **ACUITE B plus**) from '**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**'.

**Rationale for upgrade**

The rating upgrade takes into cognizance the augmentation in business risk profile of the company majorly driven by improvement in scale of operations. the operating income earned in FY2023 stood at Rs.10.15 Cr. The company has registered a revenue of Rs.30.37 Cr till September 2023. The rating also factors 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 customer concentration risk and presence in the highly competitive and cyclical nature of the industry.

**About the Company**

Jayachandran Global Refineries Private Limited JGRPL, founded in 2021, focuses on producing aluminum alloys and plastic granules. Currently, the company's directors are Mrs. Shrudhi Mahalakshmi and Mr. Chandrasekaran Pradeep. Its plant is located in Chennai North, with a plastic manufacturing capacity of 6400 MT and an aluminum capacity of 23000 MT. The company has begun production from July 2022.

**Unsupported Rating**

Not Applicable

**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**

Established in 2021, the initial directors of the JC group, namely Mr. P Anbalagan, Mr. P Chandrasekaran, Mr. P Ramalingam, and Mr. P Arumugam, boast approximately three

decades of expertise in non-ferrous metals trading, lead alloys manufacturing, and battery production. Furthermore, the day-to-day operations of the group are overseen by

second generation entrepreneurs—Mrs. Shrudhi Mahalakshmi, Mr. C Bharani Kumar, Mr. A. Sabarinathan, Mr. C. Pradeep, and Mr. C. Prasath—with nearly a decade of involvement in the metals, plastic, and battery industries. Their strong understanding of local market dynamics, coupled with strong relationships with suppliers and customers, is expected to consistently bolster the business. Acuite derives comfort from the management's extensive experience and anticipates that this will drive the company's ongoing growth in operational scale.

- **Steady scale of operations**

The commercial production started on July, 2022 and the operating income earned in FY2023 stood at Rs.10.15 Cr. The company has registered a revenue of Rs.30.37 Cr till September 2023. Acuite believes that going forward, the company's scale of operation shall improve over the medium term.

The operating margin stood at 14.46 per cent in FY2023 and pat margin stood at 2.39 per cent in FY 2023 and is expected to remain almost at the same level over the medium term. As the company is in its operation stage, to grab the market share.

### **Weaknesses**

- **Below average financial risk profile**

The company's financial risk profile is marked by low net worth base, high gearing and moderate debt protection metrics. The tangible net worth of the company stood at Rs.1.24 Cr as on March 31, 2023 from Rs.1.00 Cr as on March 31, 2022, due to accretion of profits to reserves. Gearing of the company stood at 18.96 times as on March 31, 2023. Though the gearing is expected to improve in the near term, it would continue to remain at comfortable levels over the medium term. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 21.63 times as on March 31, 2023. The moderate debt protection metrics is marked by Interest Coverage Ratio of 1.84 times as on March 31, 2023 and Debt Service Coverage Ratio at 2.61 times as on March 31, 2023. The coverage indicators are expected to moderate in the near to medium term, it would still stand at comfortable level to meet its debt obligations. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.02 times as on March 31, 2023. Acuite believes that going forward the financial risk profile of the company will be sustained backed by moderate accruals.

- **Working capital intensive nature of operation**

The operation of the company is working capital intensive marked by high gross current asset days of 552 days for FY2023. The high GCA days are mainly on account of high inventory days. The inventory days of the company stood at 376 days in FY2023. However, the debtor days of the company stood at 47 days for FY2023. Acuite believes that the working capital operations of the firm will remain at the similar levels over the medium term.

- **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. Acuite 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
- Elongation of working capital cycle

### **All Covenants**

None

### **Liquidity Position**

**Stretched**

The company's liquidity position is stretched marked by net cash accruals of Rs.0.49 Cr in FY2023 as against nil long term debt repayment over the same period. Further, the company is expected to generate sufficient net cash accruals to repay its debt obligation. The cash and bank balances of the company stood at Rs.0.39 Cr as on March 31, 2023. Moreover, the fund-based limits remained fully utilized at ~100.00 per cent for six months ended November 2023. However, the current ratio stood comfortable at 1.80 times as on March 31, 2023 and is expected to remain at almost similar levels in the near to medium term Acuité believes that going forward the company's liquidity position is expected to improve on account of steady accruals.

**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

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	10.15	0.00
PAT	Rs. Cr.	0.24	0.00
PAT Margin	(%)	2.39	0.00
Total Debt/Tangible Net Worth	Times	18.96	5.87
PBDIT/Interest	Times	1.84	0.00

### 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>
- 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Sep 2023	Proposed Bank Facility	Long Term	0.43	ACUITE B ( Issuer not co-operating*)
	Term Loan	Long Term	5.57	ACUITE B ( Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	8.00	ACUITE B ( Issuer not co-operating*)
	Cash Credit	Long Term	6.00	ACUITE B ( Issuer not co-operating*)
22 Feb 2023	Term Loan	Long Term	5.57	ACUITE B   Stable (Assigned)
	Cash Credit	Long Term	6.00	ACUITE B   Stable (Assigned)
	Proposed Bank Facility	Long Term	0.43	ACUITE B   Stable (Assigned)
	Working Capital Demand Loan	Long Term	8.00	ACUITE B   Stable (Assigned)

## 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   Upgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.43	ACUITE B+   Stable   Upgraded
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.57	ACUITE B+   Stable   Upgraded
Kotak Mahindra Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	8.00	ACUITE B+   Stable   Upgraded

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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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