

## Infomerics Valuation And Rating Pvt. Ltd.

### Shree Jindal Soya Limited

April 3, 2019

#### Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Rating Assigned
1	Bank Facilities- Long Term	3.00	IVR BBB/ Stable Outlook (IVR Triple B with Stable Outlook)
2.	Bank Facilities- Short Term	52.20	IVR A3+ (IVR A Three Plus)

**Details of Facilities are in Annexure 1**

#### Detailed Rationale

The rating draws comfort from the extensive experience of its promoters in the edible oil industry, financial support from them and a moderate net worth. These strengths are partially offset by low profitability and customer concentration risk in revenue profile. Scaling up of operations, profitability and capital structure are the key rating sensitivities.

#### List of Key Rating Drivers with Detailed Description

##### Key Rating Strengths

##### *Experienced promoters*

The promoters have long standing experience in the edible oil industry. Further, the group's other entities, Unistar Oils Private Ltd, Jindal Oil & Fats Ltd, IS Proteins Pvt Ltd and KK Continental Trade are also engaged in this line of business. The promoters are assisted in the day-to-day operation by a team of professionals. The Company is likely to benefit from the extensive experience of its promoters over the medium term.

## **Infomerics Valuation And Rating Pvt. Ltd.**

### ***Financial support from promoters***

The promoters have demonstrated their support towards the Company by infusing unsecured loans to the tune of Rs.0.82crore in FY18. Further Rs.2.3crore of share application money was converted into equity capital and share premium during the year.

### ***Moderate net worth***

The Company had a moderate net worth of Rs.21.73crore as on March 31, 2018, which supports its financial flexibility to raise additional funds. The net worth is likely to improve further over the medium term on the back of increase in accretion to reserves.

### **Key Rating Weaknesses**

#### ***Customer concentration in revenue profile***

SJS is exposed to high degree of concentration risk in its revenue profile as it derived around 79.68 per cent of its revenue from top 5 customers in FY18. Further, two customers contributed 45 per cent to its sales in FY18.

#### ***Low Profitability***

SJS is purely into trading of edible oils. The Company procures the materials from the suppliers and sell them to their customers, resulting in low margins. As is typical in any trading entity, the profitability is expected to remain low in the medium term.

### **Analytical Approach &Applicable Criteria:**

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-financial Sector)

Standalone

## Infomerics Valuation And Rating Pvt. Ltd.

### Liquidity

SJS is expected to generate sufficient accruals over the medium term as against nil repayment obligations due to the absence of any term debt in its books. It has satisfactory ISCR and also has group's support to meet any shortfall.

### About the Company

Shree Jindal Soya Limited (SJS) was incorporated in 1999. The Company is promoted by Mr. Hemant Jindal and commenced business operations in 2012. The Company is engaged in the trading of edible and non edible oils, mainly crude palm oil, crude soya been oil and Refined, Bleached, and Deodorized (RBD) Palmolive.

### About Jindal Oil Group

Jindal Oil Group is a well-established group based in North India having corporate office at New Delhi. The group comprises of Shree Jindal Soya Limited, Unistar Oils Pvt Ltd, IS Proteins Pvt Ltd, Jindal Oil & Fats Ltd and KK Continental Trade and is engaged in trading of edible and non edible oil which is being imported from Indonesia, Malaysia, Argentina & Brazil etc and supplied to oil refineries, solvent processing units and also to domestic traders. The Jindal Oil group clocked a turnover of ~ Rs.734crore for the year ended March 31, 2018.

### **Financials (Standalone):**

	<b>(Rs. crore)</b>	
<b>For the year ended*</b>	<b>31-03-2017</b>	<b>31-03-2018</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	152.16	202.40
EBITDA	-0.11	2.81
PAT	0.93	1.36
Total Debt	0.00	20.36

## Infomerics Valuation And Rating Pvt. Ltd.

For the year ended*	31-03-2017	31-03-2018
Tangible Net worth	20.37	21.73
EBITDA Margin (%)	-0.07	1.39
PAT Margin (%)	0.60	0.67
Overall Gearing Ratio (x)	0.00	0.94

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Brickwork Rating has moved the rating into Issuer Not Cooperating category (Feb 7, 2019) as the company did not submit the requisite information to them.

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits – Cash Credit	Long Term	3.00	IVR BBB/Stable			
2.	Short Term Non Fund Based Limits – Letter of Credit	Short Term	50.00	IVR A3+			

## Infomerics Valuation And Rating Pvt. Ltd.

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
3.	Short Term Non Fund Based Limits- CEL	Short Term	2.20	IVR A3+			

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Ms.Aakriti Sachdeva

Tel: (011) 2465 5636

Email: [asachdeva@infomerics.com](mailto:asachdeva@infomerics.com)

### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

## Infomerics Valuation And Rating Pvt. Ltd.

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	-	10.55%	-	3.00	IVR BBB/Stable
Short Term Bank Facilities – Letter of Credit	-	-	-	50.00	IVR A3+
Short Term Bank Facilities – CEL	-	-	-	2.20	IVR A3+