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CARE assigns ‘CARE BB+’ and ‘CARE A4’ ratings to bank facilities of Valsad Jilla Fal ane Shakhbaji Sahkari Sangh Limited

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Ratings¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>1.05</td>
<td>CARE BB+ [Double B Plus]</td>
<td>Assigned</td>
</tr>
<tr>
<td>Short-term Bank Facilities</td>
<td>4.17</td>
<td>CARE A4 [A Four]</td>
<td>Assigned</td>
</tr>
<tr>
<td>Long-term / Short-term Bank Facilities</td>
<td>3.50</td>
<td>CARE BB+ / CARE A4 [Double B Plus / A Four]</td>
<td>Assigned</td>
</tr>
<tr>
<td>Total</td>
<td>8.72</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rating Rationale
The ratings assigned to the bank facilities of Valsad Jilla Fal ane Shakhbaji Sahkari Sangh Limited (VJFS) are primarily constrained due to its modest scale of operations, moderate profitability and susceptibility of profit margins to foreign exchange rate fluctuation risk. The ratings are further constrained due to project implementation and stabilization risk associated with ongoing modernization project.

The ratings, however, derive strength from the established operational track record of VJFS, location advantage and efficient operations marked by optimum capacity utilization. Furthermore, the ratings derive comfort from its financial risk profile marked by comfortable capital structure, debt coverage indicators and comfortable liquidity position despite elongated working capital cycle.

The ability to increase the scale of operations along with timely completion of modernization project is the key rating sensitivity.

Background
Established in 1968, VJFS is a federal co-operative society (i.e. a co-operative society whose membership is available only to co-operative societies) engaged in the food processing business. It has 14 co-operative societies as members who acquire raw materials from their members who are farmers and supplies to VJFS. Its plant is located at Navsari-Gujarat, having total installed capacity of 100 metric ton of food processing per day. The society is undertaking modernization of its plant by getting subsidy from Agriculture and Processed Food Products Export Development Authority (APEDA) and is expected to complete the project by end of 2016. Main products of VJFS include mango pulp, pickles, fruit juice, etc.

As per the audited results for FY14 (refers to the period from April 1 to March 31), VJFS registered the profit after tax (PAT) of Rs.0.31 crore on a total operating income (TOI) of Rs.15.18 crore as against the PAT of Rs.0.35 crore on a TOI of Rs.17.82 crore in FY13. As per the provisional results of 5MFY15, VJFS registered TOI of Rs.14 crore.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications
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