

**Jiya Eco Products Limited**  
**JANUARY 6, 2017**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long term Bank Facilities	9.62 (enhanced from 4.18)	<b>CARE BBB-; Stable (Triple B Minus; Outlook: Stable)</b>	Reaffirmed
<b>Total Facilities</b>	<b>9.62</b> <b>(Rupees Nine Crore and Sixty Two Lakh only)</b>		

*Details of instruments/facilities in Annexure -1*

***The reaffirmation in the ratings is driven by improvement in the financial profile of Jiya Eco Products Limited (JEPL) during FY16 (refers to the period from April 1 to March 31). The ratings continue to derive strength from experienced promoters, easy access to raw material, diversified user industries, and availability of various tax benefits. The ratings are, however, constrained by small scale of operations, geographical concentration risk as at present JEPL caters to the customer of Gujarat, nascent stage of product acceptability in the market owing to limited awareness about the product and stabilization of recent completed debt funded capex. Obtaining optimum capacity utilization with maintaining healthy profit margins and capital structure would be the key rating sensitivity.***

JEPL's total operating income (TOI) witnessed a y-o-y growth of about 20% driven by stabilization of manufacturing facility post installation of new machinery along with increase in production capacity for bio fuel pallets and biomass briquettes with addition of new customers and repeat orders from existing customers. Due to increase in scale of operations, the PBILDT margin improved during the year (17.45% vis-à-vis 15.93%). The PBIDT margin further improved during H1FY17 to 19.28%. With the buildup of net worth from infusion of equity share capital and profits, JEPL's overall gearing improved to 0.55 times as on March 31, 2016. Despite improvement in profitability, debt coverage indicators deteriorated marginally but stood comfortable.

JEPL's revenue is geographically concentrated as JEPL primarily caters to customers from Gujarat. The company's product profile is also fairly diversified catering to industries like dairy, restaurants etc. JEPL has a wide clientele comprising of renowned players in the industry viz. Sabar Dairy, Madhu Silica, Ubec Silica etc.

JEPL continues to have a moderately elongated working capital cycle which further stretched to over 90 days in FY16 due to higher collection period (86 days). The average working capital utilization of the company was high at about 90% during the 12 months ended November 2016.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

**Company Background**

Bhavnagar-based (Gujarat) JEPL was incorporated in December 2011 as a Private Limited Company. Later on during February 2014, the same was converted to Public Limited Company with its present

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

name. During July 2015, JEPL successfully raised Rs.4.58 crore through an IPO and got listed on BSE SME Platform. The IPO funds were utilized for capex as well as shoring up working capital. JEPL is promoted by three individuals namely Mr Bhavesh Kakadia, Mr Yogesh Patel and Mr Harshad Patel with an object to carry out manufacturing of agro waste based bio-fuel products. JEPL operates from its ISO 9001:2008 certified manufacturing facilities located at Bhavnagar with an installed capacity of 150 metric tonnes per day (MTPD) of bio-fuel briquettes and 240 MTPD of bio-fuel pellets as on March 31, 2016. The products manufactured by JEPL are used as an alternative to fossil fuels and it caters to various industries such as chemicals, ceramics, textile processing and rolling mills etc. Bio-fuel pellets have the same use as that of briquettes; however, they are compact and smaller in size compared to the briquettes, and can be used in restaurants, hotels and other domestic uses apart from industrial uses.

During FY16, JEPL reported PAT of Rs.2.76 crore on a TOI of Rs.33.88 crore as against PAT of Rs.2.28 crore on a TOI of Rs.28.19 crore during FY15.

**Status of non-cooperation with previous CRA:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

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## Annexure 1

### Details of Instruments/Facilities:-

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.91	CARE BBB-; Stable
Fund-based - LT-Cash Credit	-	-	-	3.80	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	2.30	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	1.63	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	0.98	CARE BBB-; Stable

## Annexure 2

### Rating History for last three years:-

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Chronology of Rating history for past three years		
			Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	0.91	CARE BBB-; Stable	1)CARE BBB- (March 02, 2016)	1)CARE BB (December 24, 2014) 2)CARE BB- (July 11, 2014)	-
2.	Fund-based - LT-Cash Credit	LT	3.80	CARE BBB-; Stable	1)CARE BBB- (March 02, 2016)	1)CARE BB (December 24, 2014) 2)CARE BB- (July 11, 2014)	-
3.	Fund-based - LT-Term Loan	LT	2.30	CARE BBB-; Stable	-	-	-
4.	Fund-based - LT-Term Loan	LT	1.63	CARE BBB-; Stable	-	-	-
5.	Fund-based - LT-Term Loan	LT	0.98	CARE BBB-; Stable	-	-	-

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CIN - L67190MH1993PLC071691