

Vohra Solvex Private Limited

June 17, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	11.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Total Facilities	11.00 (Rupees Eleven crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 20, 2020, placed the rating(s) of Vohra Solvex Private Limited (VSP) under the 'issuer non-cooperating' category as VSP had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. VSP continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated February 23, 2021, February 13, 2021 and February 03, 2021, etc. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of non-availability of requisite information due to non-cooperation by Vohra Solvex Private Limited with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating continues to remain constrained owing to decline in scale of operations, low profitability margins, weak capital structure & debt coverage indicators, vulnerable to *vagaries of nature*, and competitive & fragmented industry. The rating, however, draws comfort from experienced promoters, long track record of operations and location advantage.

Detailed description of the key rating drivers

At the time of last rating on [March 20, 2020](#), the following were the rating strengths and weaknesses: (Updated for the information available from the Registrar of Companies).

Key Rating Weaknesses

Declining scale of operations with low profitability margins

The total operating income of the company decreased from Rs.49.04 crore in FY19 (refers to the period April 1 to March 31) to Rs.44.61 crore in FY20 on account of lower intake from existing client.

The profitability margins of the company stood low marked by PBILDT and PAT margin of 3.21% and 0.31% in FY19 respectively (PY: 2.87% and 0.27%, respectively). The improvement in margin is on account of better cost management.

Weak overall solvency position

The capital structure of the company stood leveraged marked by the overall gearing ratio of 4.76x as on March 31, 2020 (PY: 5.40x). The high gearing is on account of higher reliance on external borrowing.

Furthermore, the debt coverage indicators remained weak marked by total debt to GCA ratio of 40.43x, as on March 31, 2020 (PY: 42.13x) and interest coverage ratio of 1.29x in FY20 (PY: 1.31x)

Being an agro-based commodity, the prospects are subject to the vagaries of nature

Rice bran, the major input for rice bran oil is obtained from paddy, an agri produce. Given the lack of adequate irrigation facilities, the cultivated amount of paddy highly depends upon monsoons and thus, is subjected to the vagaries of nature. Any sudden spurt in raw material prices may not be passed on to customers completely owing to company's presence in highly competitive industry.

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

*Issuer did not cooperate; Based on best available information

Competitive and fragmented industry

Extraction business in India is highly fragmented due to presence of large number of unorganized players in the lower end of the bulk segment and presence of large and established players in the high end of market. Due to high degree of fragmentation, small players hold very low bargaining power against both its customers as well as its suppliers.

Key Rating Strengths

Experienced promoters along with long track record of operations

VSP was established in September, 2003 and its day to day operations are looked after by the promoters. The directors have industry experience ranging from 11 years- 25 years gained through their association with VSP and two other group concerns, i.e. SRM and VFPL. All the directors have adequate acumen about various aspects of business which is likely to benefit the company in the long run. Additionally, the directors of the company are supported by an experienced team having varied experience in the field of technical, marketing and finance aspects of business. The long track record has aided the company in having established relationship with customers and suppliers.

Location advantage leading to easy availability of raw material

The plant of the company is located in Punjab, which is one of the highest producers of rice in India and home to various rice millers and processors. VSP uses rice bran as its main raw material which is a by-product of rice milling. Punjab being a major paddy hub of the country, there are lot of rice millers around the vicinity of the plant which give easy access to the company for availability of rice bran at competitive rates and also lower freight costs.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

[Rating Methodology for manufacturing companies](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

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

About the company

Vohra Solvex Private Limited (VSP), based in Faridkot, Punjab was incorporated in September, 2003 as a private limited company with Mr. Rohit Vohra, Mrs. Rubica Vohra, Mr. Pankaj Vohra, Mrs. Sejal Vohra and Mrs. Niti Vohra as its directors. VSP is engaged in extraction of rice bran oil at its manufacturing facility located in Uttar Pradesh with an installed capacity of 252,000 quintals of rice bran oil per annum as on December 31, 2018. The product line of company consists of rice bran oil. The residual product of the process is de-oiled rice bran cake. VSP directly sells rice bran oil to various local edible oil refineries. Furthermore, the de-oiled rice bran cake which is used as cattle fodder is sold directly to cattle feed manufacturing units based in Madhya Pradesh, Gujarat and Punjab. Apart from VSP, the directors are associated with two other group concerns namely, Shiv Shankar Rice Mill (SRM) which was incorporated in 1993 and is engaged in processing of paddy and Vohra Foods Private Limited (VFPL) which was incorporated in 2001.

Covenants of rated instrument / facility: Not Applicable

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	49.04	44.61
PBILDT	1.41	1.43
PAT	0.13	0.14
Overall gearing (times)	5.40	4.76
Interest coverage (times)	1.31	1.29

A: Audited

Status of non-cooperation with previous CRA: CRISIL has conducted the review on the basis of best available information and classified Vohra Solvex Private Limited as "Not Co-operating" vide its press release dated October 20, 2020

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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-Cash Credit	-	-	-	11.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	11.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1) CARE B+; Stable; ISSUER NOT COOPERATING* (20-Mar-20) 2) CARE B+; Stable (05-Apr-19)	-

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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