

## Jai Bhagwan Ji Food Products

### January 20, 2021

#### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	6.09	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	0.75	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Facilities</b>	<b>6.84</b> <b>(Rs. Six Crore and Eighty-Four Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-I*

#### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 24, 2020, placed the rating of Jai Bhagwan Ji Food Products (JBFP) under the 'Issuer non-cooperating' category as JBFP had failed to provide information for monitoring of the ratings as agreed to in its rating agreement JBFP continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated December 02, 2020, December 03, 2020, December 04, 2020, December 07, 2020, December 21, 2020. 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 ratings.**

The ratings assigned to the bank facilities of JBFP have been revised on account of non-availability of requisite information to carry out a rating exercise.

#### Detailed description of the key rating drivers

*At the time of last rating on February 24, 2020, following were the key rating strengths and weaknesses*

#### Detailed description of the key rating drivers

##### Key Rating Weakness

##### Short track record of operations post completion of Capex in FY17 along with low profitability during FY18

JBFP commenced its rice sorting and polishing operations from August 2016 onwards post completion of its capex, thus FY18 is the first full year of operations. The scale of operations of JBFP as marked by total operating income (TOI) remained modest at Rs.14.27 crore during FY18 as against Rs.0.99 crore for its 8 months of operations during FY17. The profitability of JBFP as marked by PBILDT remained low at Rs.0.86 crore (6.02%) for FY18 as against Rs.0.07 crore (7.40%) during FY17, while PAT also remained thin at Rs.0.09 crore (0.66%) in FY18 as against Rs.0.01 crore (1.27%) in FY17.

##### Moderate capital structure and debt coverage indicators

The capital structure of JBFP remained moderate as marked by an overall gearing ratio at 2.28 times as on March 31, 2018 as against 3.44 times as on March 31, 2017, owing to increase in tangible net worth base of the firm. The debt protection metrics as marked by total debt to Gross Cash Accruals (TDGCA) also remained moderate at 7.28 years as on March 31, 2018 on account of high total debt level of the firm as on balance sheet date coupled with low GCA level for FY18. Further, interest coverage ratio also remained moderate at 2.12 times in FY18 as against 1.21 times in FY17. However, Firm has not availed moratorium as a COVID-19 measures.

##### Constitution as a partnership firm

JBFP being a partnership firm is exposed to inherent risk of partners' capital being withdrawn at the time of personal contingency which may put pressure on financial flexibility of the firm.

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

\*Issuer did not cooperate; Based on best available information

### Susceptibility of its profit margins to volatility in raw material prices along with its presence in seasonal and fragmented nature of industry which is subject to government regulations

Monsoons have a huge bearing on crop availability which determines the prevailing paddy prices. Since, there is a long time lag between raw material procurement and liquidation of inventory, the firm is exposed to the risk of adverse price movement, resulting in lower realization than expected. Also, the commodity nature of the rice makes the industry highly fragmented with numerous players operating in the unorganized sector with very less product differentiation. Moreover, the raw material (paddy) prices are regulated by the government mainly through Minimum Support Price (MSP), which in turn limits the bargaining power of the paddy processors.

#### Key Rating Strengths

##### Experienced partners in rice processing industry

Mr. Manojkumar Sahajwani aged 43 years has an experience of around 7 years in same line of business and looks after the overall management of JBFP, along with other two partners Mr. Mohit Sahajwani and Mr. Inderkumar Sahajwani. Mr. JaiKumar Sahajwani who has an extensive experience of 10 years in the same line of business also provides guidance and support to the management. JBFP bags orders from various commodity dealers, traders, retailers, shopkeepers and other small establishments via brokers, primarily set up within the state of Gujarat, Rajasthan and M.P. with the help of its own established marketing network.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non Cooperation by Issuer](#)

[Criteria on assigning outlook to credit rating](#)

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

[Financial ratios-Non Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

#### About the Firm

Sihora - based (Madhya Pradesh (M.P.)) JBFP was formed as partnership firm on August 15, 2016 by Mr. Manojkumar Sahajwani, Mr. Inderkumar Sahajwani and Mr. Mohit Sahajwani. JBFP commenced its manufacturing operations for sorting and polishing of non- basmati rice from August 2016 onwards, from its manufacturing plant located at Sihora, M.P., having an installed capacity of 9 Metric tons per day (MTPD) as on March 31, 2018. It procures paddy and unpolished rice mainly from local traders of M.P. and Uttar Pradesh (U.P.) and sells the sorted and polished rice domestically, majorly in the state of M.P., Gujarat, Rajasthan and Maharashtra via brokers, while it sells directly under the brand name '935 Gold'. Further, it also trades in rice and paddy according to market opportunities. Waste and by-product during manufacturing of rice are sold as a cattle-feed in local mandis. Further, JBFP also trades in Gram and Gram dal as a commission agent. The associate concerns of JBFP include M/s. Jai Bhawani Traders, M/s. Jai Gurudev Food Products, M/s. Jaidev Kirana Stores which are also engaged in the agro-commodities related businesses.

Brief Financials (Rs. Crore)	FY17 (A)	FY18 (A)
Total Operating Income	0.99	14.27
PBILDT	0.07	0.86
PAT	0.01	0.09
Overall Gearing (times)	3.44	2.28
Interest Coverage (times)	1.21	2.12

A: Audited

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

**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-Long Term	-	-	November 2023	1.21	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	4.88	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.75	CARE A4; ISSUER NOT COOPERATING*

\* Issuer did not cooperate; Based in 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based-Long Term	LT	1.21	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Feb-20) 2)CARE B+; Stable (14-May-19)	-	-
2.	Fund-based - LT-Cash Credit	LT	4.88	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Feb-20) 2)CARE B+; Stable (14-May-19)	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	0.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Feb-20) 2)CARE A4 (14-May-19)	-	-

\* Issuer did not cooperate; Based in best available information

**Annexure 3: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based-Long Term	Simple
3.	Non-fund-based - ST-Bank Guarantees	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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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