

Rohan Oil Industries

June 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE B; Stable; ISSUER NOT COOPERATING*	Revised from CARE B+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking monthly 'No Default Statement (NDS)' from Rohan Oil Industries (ROI) to monitor the rating vide e-mail communications dated April 15, 2024, June 03, 2024, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the NDS for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Rohan Oil Industries bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING***.

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 due to non-availability of information including NDS and Banker interaction thereby restricting CARE's ability to take a forward-looking view on the company's credit quality and liquidity profile.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on December 18, 2023, the following were the rating strengths and weaknesses:

Key weaknesses

Modest scale of operations:

During FY23, the total operating income (TOI) of the entity grew by 13.47% to Rs.111.30 crores in FY23 (vis-à-vis Rs.98.08 crores in FY22). Despite the evident growth in last three years ended in FY23, the scale of operations remains modest with TOI of Rs.111.30 crore and total capital employed of Rs.25.18 crore as on March 31, 2023. Moreover, the tangible networth base continue to remain modest at Rs.2.35 crore as on March 31, 2023.

Modest scale of operations with low networth base restricts the financial flexibility of the firm and deprives the same from economies of scale of benefits. Furthermore, the firm has recorded TOI of around Rs.59.13 crore for the period April 01, 2023, to October 31, 2023, as against Rs.51.18 crore for the period April 1, 2022, to October 31, 2022.

With low value-added nature of the agro processing industry, coupled with the fluctuation in prices of underlying commodities (groundnuts), the profitability margins of ROI remain low with PBILDT and PAT margins remaining within the range of 1.38%-2.51% and 0.41%-0.59% for the last three years ended FY23.

Leveraged capital structure and weak debt coverage indicators:

The capital structure of the firm has deteriorated marked by overall gearing ratio deteriorating from 8.39x in FY22 to 9.74x in FY23 due to increase in overall debt from Rs.15.00 crore in FY22 to Rs.22.84 crore in FY23, owing to increase in unsecured loan from Rs.2.46 crore in FY22 to Rs.6.89 crore in FY23. Furthermore, TD/GCA improved from 19.40x in FY22 to 18.25x in FY23 due to increase in GCA from Rs.0.77 crore in FY22 to Rs. 1.25 crore in FY23, the interest coverage indicators deteriorated from 1.73x in FY22 to 1.64x in FY23 due to higher finance cost from Rs.0.78 crore in FY22 to Rs.1.71 crore in FY23.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; Based on best available information

Presence in Seasonal and fragmented industry:

As the firm is engaged in the business of processing of agriculture commodities, the prices of which remain fluctuating and depend on production yield, demand of the commodities and vagaries of weather. Hence, profitability of the firm is exposed to vulnerability in prices of agriculture commodities. Moreover, the firm operates in an industry which is highly fragmented and competitive in nature as evident by the presence of numerous unorganized and few organized players. The entry barriers in this industry are very low on account of low capital investment and technological requirement. Due to this, the players in the industry do not have any pricing power.

Susceptibility to adverse changes in government regulations and climatic condition:

The price of groundnut is highly volatile in nature owing to its seasonal nature and the price is regulated through function of Minimum Support Price (MSP) by the government. Hence, any adverse change in government policy and climatic condition may negatively impact the prices of groundnut in domestic market and could result in lower realizations and profit for ROI.

Constitution as a proprietorship firm limiting financial flexibility:

ROI, being a proprietorship concern, is closely held and is subject to limited disclosure norms. Further, owing to the constitution of the firm, it is exposed to the risk of withdrawal of capital as well as long-term existence of business operations under the firm.

Key strengths

Experienced promoter and management with demonstrated track record in the industry:

ROI is currently managed by Mr. Harish Gala, who is well-versed with the intricacies of the business on the back of about four decades of experience in agro based industries. He looks after the overall function of the firm and is ably supported by his son Mr. Rohan Gala, who is having an experience of more than a decade in the same industry. The extensive experience of the proprietor and key managerial personnel in the industry has enabled the firm to garner good relations with key stakeholders and identifying the market opportunities.

Established albeit concentrated clientele profile:

ROI has a revenue stream that is moderately concentrated with top customer namely Avenue Supermarts Limited (D-Mart) contributing about 46% (PY:58.19%) to the total operating income for FY23. Further, the firm is associated with reputed customers like Trent Hyper-market, More Retails, Sabakat Traders amongst others. Through the adherence to the quality and specifications of the products, the firm has been able to secure repeat orders from the established clients. The established client profile reduces counterparty risk. Moreover, the products are sold under the brand name Blu-Bird, Orchid, Neelkamal, Rajkamal.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

Established in 1994, Rohan Oil Industries (ROI) is based in Solapur and spearheaded by Mr. Harish Gala (Proprietor). The firm is engaged in the business of processing of Peanut at its processing facility located at Solapur, with an installed capacity of 20,000 tonnes per annum as on March 31, 2023 (increased from 15000 tonnes in FY22) and requisite machineries for decortication, screening, de-stoning, grading etc. The products offered by the entity include shelled peanuts, raw peanuts, roasted peanuts, and diced peanuts. The products are sold under the brand names Blue-Bird, Orchid, Neelkamal, Rajkamal. The firm procures the raw material i.e., groundnuts from various traders, farmers, and Agricultural Produce Market Committee (APMC) based in Solapur and further sells the processed peanuts mainly in domestic markets. The major clients of the firm include Avenue Supermarts Limited (D-Mart), Trent Hyper-market, More Retails amongst others.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	7MFY24 (UA)
Total operating income	98.08	111.30	59.13
PBILDT	1.35	2.79	NA
PAT	0.40	0.58	NA
Overall gearing (times)	8.39	9.74	NA
Interest coverage (times)	1.73	1.64	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (06-Apr-21)
2	Fund-based - LT-Cash Credit	LT	10.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (18-Dec-23)	1)CARE B+; Stable (01-Dec-22) 2)CARE BB-; Stable (04-Jul-22)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (17-Mar-22) 2)CARE BB-; Stable (06-Apr-21)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities- Not applicable**Annexure-4: Complexity level of the various instruments rated**

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: +91-022-6754 3590 E-mail: akhil.goyal@careedge.in Darshan Shah Assistant Director CARE Ratings Limited Phone: +91-022-6837-4427 E-mail: Darshan.shah@careedge.in Vatsalkumar Jain Analyst CARE Ratings Limited E-mail: Vatsal.Jain@careedge.in
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About us:

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