

Janki Rice & Solvent Industries Private Limited

November 11, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	68.14 (Reduced from 71.07)	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	16.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Janki Rice & Solvent Industries Private Limited (JRSIPL) continue to remain constrained on account of leveraged capital structure, weak debt coverage indicators, moderate profitability, elongated operating cycle and stretched liquidity. Ratings further continue to remain constrained due to regulated nature of industry and volatile agro-commodity (paddy) prices with linkages to vagaries of the monsoon.

Ratings, however, continue to derive strength from experienced promoter group with support from group entities and moderate scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations by 25% or more with increase in profitability margins marked by in profit before interest, lease rentals, depreciation and tax (PBILDT) margin of 4% or more on sustained basis.
- Improvement in liquidity position with lower reliance on external debt and improvement in overall gearing by 1.5 times on sustained basis.

Negative factors

- Decline in total operating income (TOI) by more than 20% with decline in PBILDT margin below 2%.
- Further deterioration in working capital cycle by above 120 days on sustained basis.
- Deterioration in capital structure marked by overall gearing above 5 times.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that the JRSIPL will continue to benefit from experienced promoters in the rice processing industry and its established supplier and customer base.

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and weak debt coverage indicators

The capital structure of the company improved, however, continue to remain leveraged marked by overall gearing of 3.81 times as on March 31, 2024, as against 4.98 times as on March 31, 2023.

Debt coverage indicators remained weak marked by total debt to gross cash accruals (TDGCA) and PBILDT Interest coverage of 21.15 years and 1.71 times respectively as on March 31, 2024, as against 28.60 years and 1.78 times respectively as on March 31, 2023.

Moderate profitability

JRSIPL's profitability margin remained moderate owing to low value addition nature of business marked by PBILDT margin of 4.34% in H1FY25 and 3.71% in FY24 (FY23: 2.69%). With the moderate depreciation and interest and finance cost, PAT margin too remained moderate at 1.19% in FY24 (FY23: 0.75%). JRSIPL reported GCA of ₹3.36 crore in FY24 (FY23: ₹2.73 crore).

Volatile agro-commodity (paddy) prices with linkages to vagaries of the monsoon

Paddy is mainly a 'kharif' crop and is cultivated from June-July to September-October and the peak arrival of crop at major trading centers begins in October. The cultivation of paddy is highly dependent on the monsoon. Unpredictable weather conditions could affect the output of paddy and result in volatility in price of paddy. In view of seasonal availability of paddy, working capital requirements remain high at season time owing to the requirement for stocking of paddy in large quantity.

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

Regulated nature of the industry

The Government of India (GoI), every year decides a minimum support price (MSP) to be paid to paddy growers which limits the bargaining power of rice millers over the farmers. The MSP of paddy was increased by 5.35% in the crop year 2024-25 to ₹2300/quintal from ₹2183/quintal in crop year 2023-24. The sale of rice in the open market is also regulated by the government through levy quota and fixed prices. GoI also controls the sales of the rice and its varieties through various policy measures such as export restriction, minimum export price and imposition of export duty among others. Given the market determined prices for finished product vis-à-vis fixed acquisition cost for raw material, the profit margins are highly vulnerable to change in government policies.

Elongated operating cycle

Operating cycle of the company elongated from 75 days in FY23 to 109 days in FY24 owing to elongation in the debtor days. The same was on account of shift in shipping industry wherein cargo movement shifted from smaller cargo vessels (which used to have lower turnaround time) to larger vessels, post Covid-19 and red sea crisis.

Key Strength**Experienced Promoters and support from group entities**

JRSIPL is promoted by eight promoters viz. Mr. Dilipkumar Ramwani, Mr. Madankumar Ramwani, Mr. Jitendrasinh Vaghela, Mr. Pushparaj Veghela, Mr. Kush Ramwani, Mr. Tarachand Ramwani, Mrs. Nayanaben Vaghela and Mr. Jaydip Ramwani. Mr. Dilipkumar Ramwani has 28 years of industry experience, Mr. Madankumar Ramwani has 26 years of industry experience and Mr. Jitendrasinh Vaghela has 19 years of industry experience. Further, JRSIPL is a part of Janki Group which is in the agro processing business for more than three decades and therefore has an established distribution channel. Janki Group consist of Janki Agro Industries, Siddhi Vinayak Agro Industries, Jay Shiv Industries, Janki Global Industries and Janki Rice and Solvent India Private Limited.

Moderate scale of operations

JRSIPL reported moderate TOI of ₹242.48 crore in FY24 as against ₹301.69 crore in FY23. Moderation in TOI was due to decline in export sales amidst several export restrictions imposed by GoI from July 2023, which includes imposition of 20% export duty on export of parboiled rice and brown rice and prohibition of the exports of non-basmati white rice. JRSIPL has major presence in the export market and derived around 66% of its TOI from export sales in FY24 (FY23: 80%).

For H1FY25, JRSIPL reported TOI of ₹104.71 (H1FY24: ₹91.50 crore).

Liquidity: Stretched

JRSIPL has stretched liquidity marked by negative cash flow from operation, and meagre GCA against debt repayment obligation. cash flow from operations continued to remain negative at ₹6.02 crore in FY24 as against negative ₹6.36 crore in FY23. JRSIPL is expected earn GCA of ~₹3-3.5 crore against debt repayment of ₹2.38 crore in FY25. Average utilization of fund-based working capital limits remained moderate at ~50-60% in past twelve months period ended September 30, 2024. Current ratio remained at 1.34 times as on March 31, 2024, as against 1.27 times as on March 31, 2023. JRSIPL has cash and bank balance of ₹5.27 crore as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

Sanand, Gujarat based JRSIPL was incorporated in August 18, 2008 and promoted by eight promoters namely Mr. Madankumar Ramwani, Mr. Dilipkumar Ramwani, Mr. Jitendrasinh Vaghela, Mr. Pushparaj Vaghela, Mr. Kush Ramwani, Mr. Tarachand Ramwani, Ms. Nayna J. Vaghela and Mr. Jaydip Ramwani. JRSIPL is engaged into processing and export of Basmati and Non-Basmati rice having different kinds of grades with an installed capacity of 5 tones per hour as on March 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (Prov.)
Total operating income	301.69	248.29	104.71
PBILDT	8.12	9.21	4.54
PAT	2.25	2.96	NA
Overall gearing (times)	4.98	3.81	NA
Interest coverage (times)	1.78	1.71	1.78

A: Audited; Prov.: Provisional; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	65.00	CARE BB; Stable
Fund-based - LT-Term Loan	-	-	-	31/12/2026	3.14	CARE BB; Stable
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	3.00	CARE A4
Non-fund-based - ST-Standby Line of Credit	-	-	-	-	13.00	CARE A4

Annexure-2: Rating history for 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-Cash Credit	LT	65.00	CARE BB; Stable	-	1)CARE BB; Stable (05-Jan-24)	1)CARE BB; Stable (09-Jan-23)	-
2	Fund-based - LT-Term Loan	LT	3.14	CARE BB; Stable	-	1)CARE BB; Stable (05-Jan-24)	1)CARE BB; Stable (09-Jan-23)	-
3	Fund-based - LT-Proposed fund based limits	LT	-	-	-	1)Withdrawn (05-Jan-24)	1)CARE BB; Stable (09-Jan-23)	-
4	Non-fund-based - ST-Credit Exposure Limit	ST	3.00	CARE A4	-	1)CARE A4 (05-Jan-24)	1)CARE A4 (09-Jan-23)	-
5	Non-fund-based - ST-Standby Line of Credit	ST	13.00	CARE A4	-	1)CARE A4 (05-Jan-24)	1)CARE A4 (09-Jan-23)	-

LT: Long term; ST: Short term

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Credit Exposure Limit	Simple
4	Non-fund-based - ST-Standby Line of Credit	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

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

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