

Janki Global Industries

December 27, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	65.13 (Enhanced from 62.33)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	4.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Janki Global Industries (JGI) continue to remain constrained on account of moderate financial risk profile marked by moderate scale of operations and profitability in FY24 (Audited, refers to period April 01 to March 31), moderate debt coverage indicators and stretched liquidity. Ratings further remain constrained due to regulated nature of industry, volatile agro-commodity (paddy) prices with linkages to vagaries of the monsoon and partnership nature of constitution. Ratings, however, continue to derive strength from experienced promoter group with support from group entities. CARE Ratings Limited (CARE Ratings) also take cognisance of the improvement in its capital structure albeit it continued to remain moderate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in scale of operations marked by total operating income (TOI) above ₹200 crore or more with improvement in profit before interest, lease rentals, depreciation and tax (PBILDT) margin of 7.50% or more on sustained basis.
- Improvement in capital structure marked by below unity overall gearing and debt coverage indicators marked by total debt to gross cash accruals (TDGCA) of 5 years or below.
- Improvement in operating cycle to below 60 days.

Negative factors

- Decline in scale of operations below ₹100 crore coupled with dip in cash accruals.
- Deterioration in capital structure marked by overall gearing of 2 times or more.
- Further elongation of operating cycle impacting liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that the JGI 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

Moderate scale of operations and profitability

JGI's scale of operations continued to remain moderate marked by TOI of ₹141.37 crore in FY24 (₹153.16 crore in FY23) amidst several export restrictions imposed by the Government of India (GoI) from July 2023 which includes imposition of 20% export duty on parboiled rice and brown rice exports and prohibition of the exports of non-basmati white rice. JGI has major presence in the export market and derived around 64% of its TOI from export sales in FY24 (FY23: 69%).

Profitability of JGI remained moderate marked by PBILDT margin of 5.10% (FY23: 6.12%) and profit after tax (PAT) margin of 1.59% (FY23: 2.00%) in FY24. JGI reported GCA of ₹3.33 crore in FY24 (FY23: ₹4.13 crore).

For H1FY25, JGI reported TOI of ₹68.77 crore with PBILDT margin of 3.55%.

Moderate debt coverage indicators

Debt coverage indicators of JGI remained moderate marked by TDGCA and PBILDT interest coverage of 12.08 years (FY23: 12.83 years) and 2.26x (FY23: 2.17x) respectively in FY24.

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

Regulated nature of the industry

The 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.

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.

Partnership nature of constitution

The constitution as a partnership firm restricts JGI's overall financial flexibility in terms of limited access to external funds for any future expansion plans. Further, there is inherent risk of possibility of withdrawal of capital in times of personal contingency as it has limited ability to raise capital and poor succession planning may result in dissolution of the firm. During FY24, partners have withdrawn capital to the tune of ₹2.27 crore.

Key strengths

Experienced Promoters and support from group entities

JGI is promoted by seven partners viz. Mr. Sunilkumar Ramwani, Mr. Naragandas Pagrani, Mr. Jaydeep Ramwani, Mr. Chetan Ramwani, Mr. Jatin Ramwani, Mr. Suresh Ramwani and Ms. Khushu Ramwani. Promoters have experience of around two decades in rice industry through group entities. They collectively look after production, sales, marketing, purchase and administration. JGI is a part of Janki Group which is in the agro processing business for over two decades and has an established distribution channel particularly in the export market. 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.

Improvement in capital structure albeit it remained moderate

Capital structure marked by overall gearing has improved, however, remained moderate at 1.24 times as on March 31, 2024, as against 1.66 times as on March 31, 2023. Improvement in overall gearing is on account of scheduled repayment of term debt and reduction in the working capital borrowings.

Liquidity: Stretched

JGI has stretched liquidity marked by elongated operating cycle and modest GCA against its debt repayment obligations. JGI is expected to earn GCA of around ₹4-5 crore as against debt repayment obligation of ₹4 crore in FY25. Average utilization of fund-based working capital limits remained at ~50-60% in past twelve months period ended September 2024.

Operating cycle of JGI remained elongated at 120 days in FY24 (FY23: 120 days). Current ratio remained at 1.53 times as on March 31, 2024, as against 1.38 times as on March 31, 2023. Net cash flow from operating activities stood at ₹34.48 crore in FY24 as against negative ₹14.31 Crore in FY23. Cash and bank balance stood at ₹19.73 crore as on March 31, 2024, as against Rs 3.66 crore as on March 31, 2023.

Environment, social, and governance (ESG) risks: Not applicable

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 firm 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

Ahmedabad, Gujarat based JGI (erstwhile Indian Food Industries) is a partnership firm, established on January 15, 2018, by seven partners. JGI is engaged into processing and export of Basmati and Non-Basmati rice having different kinds of grades. The firm purchases paddy as raw material from various suppliers and traders from Gujarat, Rajasthan, Madhya Pradesh, Uttar Pradesh, Jharkhand, Bihar, Delhi, Chhattisgarh, Haryana and Punjab and sell rice within India as well as exports mainly to African countries. JGI has an installed capacity of 12 tons per hour as on March 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (Prov.)
Total operating income	153.16	141.37	68.77
PBILDT	9.38	7.22	2.44
PAT	3.06	2.25	NA
Overall gearing (times)	1.66	1.28	NA
Interest coverage (times)	2.17	2.26	1.98

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	-	-	-	-	50.00	CARE BB+; Stable
Fund-based - LT-Proposed fund-based limits	-	-	-	-	10.00	CARE BB+; Stable
Fund-based - LT-Term Loan	-	-	-	30/06/2027	5.13	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	1.00	CARE A4+
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	3.50	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-Term Loan	LT	5.13	CARE BB+; Stable	1)CARE BB+; Stable (11-Nov-24)	1)CARE BB+; Stable (06-Nov-23)	1)CARE BB+; Stable (21-Oct-22)	-
2	Fund-based - LT-Cash Credit	LT	50.00	CARE BB+; Stable	1)CARE BB+; Stable (11-Nov-24)	1)CARE BB+; Stable (06-Nov-23)	1)CARE BB+; Stable (21-Oct-22)	-
3	Fund-based - LT-Proposed fund based limits	LT	10.00	CARE BB+; Stable	1)CARE BB+; Stable (11-Nov-24)	1)CARE BB+; Stable (06-Nov-23)	1)CARE BB+; Stable (21-Oct-22)	-
4	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A4+	1)CARE A4+ (11-Nov-24)	1)CARE A4+ (06-Nov-23)	1)CARE A4+ (21-Oct-22)	-
5	Non-fund-based - ST-Credit Exposure Limit	ST	3.50	CARE A4+	1)CARE A4+ (11-Nov-24)	1)CARE A4+ (06-Nov-23)	1)CARE A4+ (21-Oct-22)	-

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-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Credit Exposure Limit	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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About us:

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