

## Paramount Rice Private Limited

April 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	33.70	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; 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. (CARE Ratings) has been seeking information from Paramount Rice Private Limited (PRPL) to monitor the rating(s) vide e-mail communications January 06, 2025, January 10, 2025, January 30, 2025, January 31, 2025, February 12, 2025, February 24, 2025, February 25, 2025, February 28, 2025, March 10, 2025, March 17, 2025 and various telephonic interactions. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating based on the best available information which however, in CARE Ratings opinion is not sufficient to arrive at a fair rating. Further, PRPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on PRPL bank facilities will now be denoted as **CARE BB; Stable / CARE A4; 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).**

Revision in ratings assigned to the bank facilities of PRPL is on account of non-availability of requisite information despite repeated requests.

Rating assigned to the bank facilities of Paramount Rice Private Limited (PRPL) continues to remain constrained on account of moderate scale of operations and thin profitability, moderate capital structure and debt coverage indicators during FY24 (Audited, refers to period April 01 to March 31). Rating further continues to take into consideration susceptibility of its profitability to fluctuation in raw-material prices and monsoon dependent operations, its presence in fragmented nature of industry with high government intervention.

Rating, however, continues to favourably take into account its adequate liquidity, long standing experience of the promoters with established track record of operations and location advantage with proximity to paddy growing region along with established business relationship with customers.

**Analytical approach:** Standalone

**Outlook:** Stable

Stable outlook reflects that company will sustain its overall financial risk profile marked by moderate scale of operations, capital structure and adequate liquidity position.

### Detailed description of key rating drivers:

At the time of last rating on March 27, 2024, the following were the rating strengths and weaknesses considered (updated for FY24 financials).

#### Key Weakness

##### Moderate scale of operations with thin profitability margins

Scale of operations as marked by total operating income (TOI) increased by ~12% to Rs.306.09 crore in FY24 as against Rs.271.05 crore in FY23. Profitability margins of the company continued to remain thin with limited value addition and high volatility in raw material prices i.e., paddy which is procured at market linked rates with limited pricing power. During FY24, profitability marked by profit before interest, lease, depreciation and tax (PBILDT) margin largely remained in line with the last year at 2.63% (PY:2.61%). Profit after tax (PAT) margin remained thin at 0.69% in FY24 as against 0.84% during FY23.

##### Moderate Capital structure and debt coverage indicators

PRPL's capital structure remained moderate marked by overall gearing of 2.16x as on March 31, 2024, as against 1.85x as on March 31, 2023. Moderation in overall gearing as on March 31, 2024, is on account increase in total debt. Debt coverage indicators

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

also remained moderate as marked by total debt to gross cash accruals (TDGCA) of 11.73x on March 31, 2024 (10.23x as on March 31, 2023) with PBILDT interest coverage of 2.21x in FY24 as compared to 3.07x in FY23.

#### **Susceptibility of profitability to fluctuation in raw-material prices and monsoon dependent operations**

PRPL generates its revenue from processing of rice, prices of which have exhibited fluctuating trend in past and is dependent on demand-supply scenario prevailing in the market with strong linkage to the global production yield along with vagaries of weather. Hence, profitability of the company is exposed to adverse movement in prices of agricultural commodities. Agro-based industry is characterized by its seasonality, due to its dependence on raw materials whose availability is affected directly by the vagaries of nature. The price of rice moves in tandem with the prices of paddy. Availability and prices of agro commodities are highly dependent on the climatic conditions. The monsoon has a huge bearing on crop availability which determines the prevailing paddy prices. Since there is a time lag between raw material procurement and liquidation of inventory, PRPL is exposed to the risk of adverse price movement resulting in lower realization than expected.

#### **Fragmented nature of industry coupled with high level of government regulation**

The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive. The raw material (paddy) prices are regulated by the government to safeguard the interest of farmers which limits the bargaining power of rice mills over the farmers. The prices for finished products is market determined while the cost of raw material is fixed by Government of India through the MSP (Minimum Support Price) mechanism, thereby restricting pricing flexibility and rendering the profitability margins vulnerable, especially in times of high paddy cultivation.

#### **Key Strengths**

##### **Experienced management with established track record of operations**

Mr. Ashish Jhanwar, son of Mr. Prabhu Lal Jhanwar has joined PRPL from October 2023 after the death of his father. Mr. Ashish Jhanwar. Mr. Ashish Jhanwar has done MBA in finance and Marketing and has around 2 decades of experience in Banking Industry. He will thus be looking after financial and marketing aspect of PRPL. Other directors have relevant experience in agro commodity business and are actively involved in business, handling different roles. Further, the directors are assisted by a team of managerial personnel having relevant experience in their respective fields. With long track record of operations in the industry, the promoters have developed strong network of contacts and have been able to establish relationship with their customers as evinced by regular flow of orders.

##### **Location advantage with proximity to paddy growing region along with established business relationship with customers**

PRPL's processing facility is located in Bundi which is one of the major paddy producing regions in Rajasthan. Hence, PRPL is able to fulfil its raw material requirement from local market resulting in lower transportation cost. Furthermore, PRPL sells its products to retailers and wholesalers mainly in Rajasthan, Maharashtra and Gujarat. The company has set up network of around 30 dealers for selling rice under its own brand. It also sells in bulk to the traders in Haryana, Delhi, and other states in northern region of India. The company manufactures premium quality parboiled rice which is ultimately exported. PRPL generally procures paddy from local market through its group company i.e. Paramount Agrofoods, Kota. Price of paddy is decided in open market on the basis of highest bid. Resultantly, bargaining power of PRPL is low for procurement of raw material.

#### **Applicable criteria**

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

## 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

Paramount Rice Private Limited (PRPL), promoted by the Jhanwar family, was incorporated in 1998 to undertake rice milling. All the shareholders of PRPL were previously associated with a partnership firm, Rameshwar Industry, which was engaged in the same line of business for more than 10 years. PRPL's manufacturing facility is located at Bundi (Rajasthan) and has an installed capacity of 10 tonnes per hour (tph) for rice milling as on March 31, 2023. PRPL sells its product in the domestic market under the brand name of "315 Brand" basmati rice.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	271.05	306.09
PBILDT	7.09	8.04
PAT	2.28	2.12
Overall gearing (times)	2.11	2.16
Interest coverage (times)	3.07	2.21

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** ICRA reviewed the ratings of PRPL under issuer non-cooperating category vide PR dated September 27, 2024, owing to non-availability of the information.

**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	-	-	-	-	30.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Term Loan-Long Term	-	-	-	31-05-2028	3.70	CARE BB; Stable; ISSUER NOT COOPERATING*

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

**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	30.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (27-Mar-24) 2)CARE BB+; Stable (05-Apr-23)	-	1)CARE BB+; Stable (08-Mar-22)
2	Term Loan-Long Term	LT	3.70	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (27-Mar-24) 2)CARE BB+; Stable (05-Apr-23)	-	1)CARE BB+; Stable (08-Mar-22)

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

LT: Long 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	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To 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.

## Contact us

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### About us:

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### Disclaimer:

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