

Shri Shanti Solvex Private Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	40.00	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

In the absence of minimum information required for the purpose of rating, CARE Ratings Limited was unable to express an opinion on the ratings of Shri Shanti Solvex Private Limited and in line with the extant SEBI guidelines, CARE Ratings Limited downgraded and migrated the rating of bank facilities of the company to 'CARE BB-; Stable; ISSUER NOT COOPERATING'. However, the company has now submitted the requisite information to CARE Ratings Limited. CARE Ratings Limited has carried out a full review of the ratings and the rating stand at 'CARE BB-; Stable'.

Rationale and key rating drivers

The reaffirmation in the rating assigned to the bank facilities of Shri Shanti Solvex Private Limited (SSSPL) takes into consideration weak operational performance of the company marked by operational and cash losses reported in FY24 (refers to the period from April 1 to March 31) which has continued in 11MFY25 (refers to the period from April 1 to February 28) owing to inventory losses from adverse deviation in prices of raw materials and finished goods primarily for soya bean due to significant fall in its prices. Furthermore, the company's scale of operations has declined significantly in 11MFY25 resulting in weakening of debt coverage indicators along with continued uncertainty on the ability of the company to generate positive cash flow from operations in the ensuing fiscal. The rating continues to remain constrained by risk associated with its susceptibility to commodity prices as well as government regulations and its presence in highly fragmented and competitive nature of the industry. The rating, however, draws comfort from the experienced promoters, strategic location of processing unit with proximity to raw material sources and moderate operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent increase in scale of operations with total operating income of above Rs.300.00 crore along with the improvement in profitability margins on a sustained basis.
- Steady cash flow from operations leading to improvement in liquidity position on a sustained basis.

Negative factors

- Significant decline in scale of operations, thereby leading to significant increase in the losses incurred by the company.
- Significant deterioration in the overall gearing of above 2.00x adversely impacting liquidity of the company.
- Elongation in the operating cycle of the company for more than 60 days.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that despite the price volatility in the prices of edible oils and de-oiled cake in near term, the entity is likely to sustain its financial risk profile in the medium term and will continue to benefit from the experience of directors.

Detailed description of the key rating drivers:

Key weaknesses

Weak operational performance of the company marked by operational and cash losses reported in FY24 which has continued in 11MFY25: In FY24, SSSPL has reported operational and cash losses on the back of inventory losses from adverse deviation in prices of raw materials and finished goods primarily for soya bean due to significant fall in its prices and the limited ability of SSSPL to pass on the incremental increase in raw material cost to the end consumer owing to its presence in highly competitive industry. Further, there has been significant decline in the scale of operations as reflected by total operating income (TOI) which stood at Rs.84.78 crore with continued cash losses reported at Rs.(6.52) crore in 11MFY25 (refers to the period from April 1, 2024 to February 28, 2025; based on provisional results). There is uncertainty on the ability of the company to generate positive cash flow from operations owing to delayed recovery in current fiscal. The operations are

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

exposed to inherent risks associated with the agriculture-based commodity business, such as availability of raw material or fluctuations in prices.

Weakening of debt coverage indicators: On the back of substantial decline in PBILDT caused by significant decline in scale of operations lead to lower gross cash accruals resulted in weakening of the debt coverage indicators of the company in FY24 and 11MFY25.

Susceptibility to commodity prices as well as government regulations: SSSPL uses mustard cakes and soya bean seeds as the key raw material for the extraction process. Being an agricultural commodity, its availability and prices to a certain extent are affected by various factors like rainfall during the year, crop pattern, area under cultivation as well as minimum support prices (MSP) in domestic market, global pricing scenario (linked to global demand supply) and government policies leading to volatility in the same. Further, soya oil is also exposed to changes in duty structure policies by government on both crude and refined soya oil. Any sudden spurt in raw material prices which SSSPL is unable to pass on to its customers completely owing to company's presence in highly competitive industry, may adversely affect the profitability of the company. The same is evident in the plummet of profitability margins of SSSPL for FY23, FY24 and also for FY25.

Highly fragmented and competitive nature of the industry: Extraction business in India is highly fragmented due to presence of large number of unorganized players in the lower end of the bulk segment and presence of large and established players in the high end of market attributable to low entry barriers such as low capital and low technical requirements of the business and a liberal policy regime. Due to high degree of fragmentation, small players hold very low bargaining power against both its customers as well as its suppliers. Further, most of the manufacturers offer similar products with little difference generating intense competition resulting in lower margins for most of the players. Further, availability of varieties of edible oils such as rice bran oil, sunflower oil, palm oil, groundnut oil, etc. which can be substituted for one another also add on the competition.

Key strengths

Experienced promoters: SSSPL is a family run business. Mr. Shyam Bansal and Mr. Madhav Goyal collectively look after the overall operations of the company. Mr. Shyam Bansal has done L.L.B. and has an overall experience of more than two decades in extraction business. He is well supported by Mr. Madhav Goyal who has done M.B.A. and has an experience of more than a decade in extraction business. Further, the directors are assisted by a team of qualified managerial personnel and technical team having relevant experience in their respective fields to manage day-to-day activities of the company.

Strategic location of processing unit with proximity to raw material sources: SSSPL's processing facility is located at Morena, Madhya Pradesh which is one of the largest in terms of production of soya seeds with large number of units involved in extraction process. The location of plant is also in proximity to Alwar, Rajasthan, which is one of the largest mustard growing regions of India which makes it easier for the company to access its primary raw materials at effective prices as well as results in benefits derived from lower logistic expenditures (both on transportation and storage). SSSPL has developed good business relations with the suppliers (nearby processing units, agents and farmers) from whom it procures its raw material requirements.

Moderate operating cycle: The operating cycle of the company stood moderate as marked by 41 days for FY24. Being in the agro-commodity sector, the company is required to maintain adequate inventory of raw material for smooth running of its production processes and finished goods to ensure prompt delivery to its customers resulting in an average inventory holding period of around 62 days for FY24. Further, the company offers credit period of around 15-30 days to its customers and receives payable period of around 20-30 days from its suppliers.

Liquidity: Stretched

The liquidity position of the company remained stretched characterized by high average utilization of its working capital limits which stood ~90%-95% for the past 12 month's period ending February, 2025. Moreover, the company has incurred cash losses to the extent of Rs.(0.58) crore during FY24 and Rs.(6.52) crore in 11MFY25 with negative cash flow from operations. Further, the company has low free cash & bank balances which stood at Rs.0.16 crore as on March 31, 2024. However, the company does not have any long-term debt obligations and does not have any significant capex plan in the near term.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

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	Edible Oil

Morena (Madhya Pradesh) based, Shri Shanti Solvex Private Limited (SSSPL) was incorporated in August, 2013 as a private limited company. The company is currently being managed by Mr. Shyam Bansal and Mr. Madhav Goyal. The company is engaged in the extraction of crude oil and de-oiled cake (DOC). The company is engaged in the processing of mustard cake for crude mustard oil and mustard de-oiled cake and soya bean seeds for crude soya bean oil and soya bean de-oiled cake. In addition to its extracted/processed products, the company also trades in mustard/soya bean seeds along with different types of agro commodities like grams based on available opportunities. The manufacturing facility of the company is located at Morena, Madhya Pradesh having an installed capacity to process 500 MT per day of mustard cake and 400 MT per day of soya bean seeds as on March 31, 2024. The company is having one associate concern namely; "B. P. Agri Foods Private Limited" (incorporated in 2010) engaged in the trading of mustard seeds and de-oiled cake

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (Prov.)*
Total operating income	317.54	304.02	84.78
PBILDT	3.56	-26.99	NA
PAT	0.78	-1.11	-7.00
Overall gearing (times)	0.94	1.32	0.28
Interest coverage (times)	1.89	-9.81	NA

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

*refers to the period from April 1, 2024 to February 28, 2025.

Status of non-cooperation with previous CRA: Brickwork Ratings has continued the ratings assigned to the bank facilities of Shri Shanti Solvex Private Limited to the "Issuer Not-Cooperating" category vide its press release dated May 22, 2024 on account of its inability to carryout review in the absence of requisite information from the company.

India Ratings has continued the ratings assigned to the bank facilities of Shri Shanti Solvex Private Limited to the "Issuer Not-Cooperating" category vide its press release dated October 18, 2024 on account of its inability to carryout review in the absence of requisite information from the company.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	28.00	CARE BB-; Stable
Fund-based - LT-Proposed fund based limits		-	-	-	12.00	CARE BB-; Stable

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	28.00	CARE BB-; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Mar-25)	1)CARE BB; Stable (26-Mar-24) 2)CARE BB+; Stable (03-Apr-23)	-	1)CARE BBB-; Stable (02-Feb-22)
2	Fund-based - LT-Working Capital Limits	LT	-	-	-	1)Withdrawn (03-Apr-23)	-	1)CARE BBB-; Stable (02-Feb-22)
3	Fund-based - LT-Proposed fund based limits	LT	12.00	CARE BB-; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Mar-25)	1)CARE BB; Stable (26-Mar-24) 2)CARE BB+; Stable (03-Apr-23)	-	1)CARE BBB-; Stable (02-Feb-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	Fund-based - LT-Proposed fund based limits	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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