

## Modi Solvex

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	40.00	CARE B-; Stable; ISSUER NOT COOPERATING*	Downgraded 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 Limited (CARE Ratings) has been seeking the No Default Statement (NDS) from Modi Solvex (MS), to monitor the ratings vide e-mail communications dated July 01, 2025, June 27, 2025, June 26, 2025 and June 25, 2025 along with numerous phone calls. However, despite our repeated requests, MS has not provided the NDS for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings on the basis of best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on bank facilities of MS 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).**

The revision in ratings assigned is on account of non-availability of requisite information for continuous monitoring of the ratings, due to non-cooperation by MS with CARE Ratings, to provide the No Default Statement (NDS) on monthly basis. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. The ratings assigned to the bank facilities of MS continue to remain constrained by small scale of operations with thin profitability margins, levered capital structure marked by high overall gearing and weak debt coverage indicators, and raw material price fluctuation risk. Further, the rating also factors in partnership nature of constitution and fragmented and competitive nature of industry. These rating weaknesses are partially offset by experienced partners and long track record of operations, favourable location of plant, and diversified customer base.

**Analytical approach:** Standalone

### Outlook: Stable

CARE Ratings believes that the firm shall continue to benefit from experience of its promoters and favourable location of plant as well as diversified customer base.

### Detailed description of key rating drivers:

At the time of last rating on October 11, 2024, following were the rating weaknesses and strengths.

### Key weaknesses

#### Small scale of operations with thin margins

The firm's scale of operations remained small at Rs.132.97 crore in FY24 (refers to the period from April 01, 2023, to March 31, 2024) (PY: Rs.131.34 crore). The profitability margins of the firm remained thin with limited value addition and high volatility in raw material prices which is procured at market linked rates with limited pricing power. The firm reported PBILDT margin of 3.82% in FY24 against 3.31% in FY23. Further, the PAT margin in FY24 remained low at 0.54% against 0.48% in FY23.

#### Raw material price fluctuation risk

The firm is engaged in extraction of crude rice bran oil, which is susceptible to fluctuations in raw material prices. The price of rice is governed by the demand-supply dynamics prevalent in major rice growing nations, weather conditions and prices of substitute. Furthermore, any increase in the rice bran prices without a corresponding increase in edible crude oil prices will adversely impact the profitability margins of the entities in this business.

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

### Weak solvency position

The capital structure of the firm continued to be leveraged with overall gearing ratio of 6.46x as on March 31, 2024, against 5.61x as on 31 March 2023 mainly on account of very low net-worth base of the firm. The firm continues to have weak debt coverage indicators marked by interest coverage ratio of 1.30x in FY24 (PY: 1.37x) and total debt to GCA of 32.83x for FY24 (PY:25.89x).

### Partnership nature of constitution

Modi Solvex's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. With the low base of its own funds, its operations are susceptible to any business shock, thereby limiting its ability to absorb losses or financial exigencies. Further, it also results in increased vulnerability of its financial risk profile to any incremental debt.

### Fragmented and competitive nature of industry

The firm operates in a competitive and highly fragmented agro-commodity industry which has a presence of large number of small and medium scale players. Further, the overall value addition in the trading industry is very low, which translates into thin profitability.

### Key strengths

#### Experienced partners and long track record of operations

The firm was established in 2001, and its day-to-day operations are looked after by two partners sharing profit and losses equally. Mr. Anubhav Modi and Mr Ashish Modi both having an industry experience of 23 years. Mr Anubhav Modi has completed MBA and looks after the production and purchase of the raw material. Mr Ashish Modi looks after the accounts and sales of the firm. Furthermore, the partners have been supported by a team of technical persons. With their extensive knowledge of the industry, they are able to maintain long term relationship with their clients and suppliers.

#### Favourable location of plant

The firm majorly utilizes agriculturally based raw materials in its manufacturing process. The manufacturing units are located in Ludhiana district of Punjab. This location results in easy procurement of rice, paddy and mustard and facilitates delivery of the same in a timely manner at competitive prices and lower logistics expenditure. Procurement of raw material is easy due to ample availability from farmers and traders as Ludhiana and its adjoining districts are established belts for rice and mustard cultivation.

#### Diversified customer base

Over the years, Modi Solvex has established good relations with its customers which has helped the firm to generate repeat orders from these customers. Modi Solvex has a diversified customer base as edible oil sale is based on the orders from the refineries and with diverse customer portfolio, the firm has better negotiating power with suppliers and other stakeholders, as it is not overly dependent on a small number of clients. Moreover, the firm has been focusing on adding new clients leading to lowering their customer concentration risk over the years. The top 5 customers contributed 36% of the total sales in FY24 (PY:42%).

#### Liquidity: Stretched

The liquidity position of the firm remained stretched as reflected by almost full utilisation of working capital limits in last 12 months ending August 31, 2024. The firm had cash and bank balance of Rs 0.62 crores as on March 31, 2024, which will be used for repayment of the loan and as per the management the shortfall will be funded through infusion of funds by partners in form of unsecured loans as seen in the past years. The firm is not planning to incur any major capex in the near to medium future.

### Environment, social, and governance (ESG) risks: Not Applicable

#### Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

Modi Solvex is a partnership firm and was established in August 2001. The firm is engaged in the extraction of crude rice bran oil, de-oiled rice bran cake, crude mustard solvent and de-oiled mustard cake at its processing facility located in Ludhiana, Punjab with an installed solvent extraction capacity of 15000 metric tonne of rice bran oil per annum as in August 2024. The firm manufactures rice bran oil in semi-edible form for industrial use, which is sold to refineries based in Punjab and Haryana through brokers and commission agents. The firm has also started manufacturing mustard oil since last year and it contributes 30% of the revenue of the firm. Furthermore, the firm also sells its by-product i.e. de oiled rice bran cake to cattle feed manufacturers. The main raw material is rice bran which is mainly procured from rice millers based in in Ludhiana, Punjab. Furthermore, the firm has two group concerns, namely, Modi Foods Products and MGM Solvex foods.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	131.34	132.97
PBILDT	4.35	5.08
PAT	0.63	0.72
Overall gearing (times)	5.61	6.46
Interest coverage (times)	1.37	1.30

A: Audited; 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 (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	-	-	-	-	40.00	CARE B-; 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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	40.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (11-Oct-24)	-	-

\*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

**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.

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