

K.C. Solvent Extractions Private Limited

March 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	60.00	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. has been seeking information from KCSEPL to monitor the rating(s) vide latest e-mail communications dated January 02, 2026, February 17, 2026, February 24, 2026, March 02, 2026 and March 19, 2026 along with numerous phone calls. However, despite our repeated requests, company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Further, KCSEPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The ratings on K.C. Solvent Extractions Private Limited's bank facilities will now be denoted as '**CARE BB; 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(s).

The ratings assigned to the bank facilities of K.C. Solvent Extractions Private Limited have been revised on account of non-availability of requisite information. Further, the ratings continue to be constrained by moderate scale of operation with low profitability margin, leveraged capital structure with weak debt coverage indicators, presence in a highly fragmented and competitive agro-commodity industry, exposure to vagaries of nature and raw material availability susceptible to change in government policies. The ratings, however, continue to derive strength from experienced promoters with established track record of operations and favorable location of operations.

Analytical Approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on March 28, 2025 the following were the rating strengths and weaknesses (updated based on information available from ROC).

Key weaknesses

Moderate scale of operation with Low profitability margin

The company's scale of operations improved by ~32% as and was moderate marked by an improvement in total operating income(TOI) which rose to ₹358.66 crore in FY25 compared to ₹270.87 crore in FY24. Despite the improvement in scale, company's profit margins declined owing to higher cost of sales and was low with PBILDT margin and PAT margin declined from 3.64% and 1.31% respectively in FY24 to 1.97% and 1.01% respectively in FY25.

Leveraged capital structure and weak debt coverage indicators

KSEPL's capital structure remains leveraged, owing to a high overall debt vis-à-vis low networth base. Thus, overall gearing stood at 2.24x as on March 31, 2025 compared to 2.57x as on March 31, 2024. Further, debt coverage indicators also remained weak owing to lower profitability as interest coverage moderated to 1.99x during FY25 compared to 2.39 during FY24, whereas TD/GCA stood high at 17.80 years as on March 31, 2025 (P.Y.: 18.30 years).

Presence in a highly fragmented and competitive agro-commodity industry

KCSEPL 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 (grading, sorting, and packing activities) which translates into thin profitability.

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

Exposed to vagaries of nature and raw material availability susceptible to change in government policies

The major raw material of the company is paddy, rice and edible oils among other prices of which vary based on the monsoons and production in the crop seasons. As cost of the raw material accounts for majority of the overall cost, variation in rates may impact operating profitability. Inability to pass on hike in raw material prices to customers may lead to volatility in the operating margin. The central Government of India (GOI), every year decides a minimum support price of paddy which limits the bargaining power of rice millers over the farmers thereby affecting revenues.

Key strengths

Experienced Promoters with established track record of operations

KCSEPL has been in the paddy processing & oil extraction business for around three decades, which has helped it to have established relationships with both suppliers and customers. KCSE is led by Mr Prem Kumar Valecha (Managing Director) who has more than three decades of experience in the industry. He is supported by Mr. Hemant Valecha (S/o Mr Prem Kumar Valecha) who has an experience of more than a decade in the industry. Mrs Mamta Rani (Director; Wife of Mr Prem Kumar Valecha) has an experience of more than a decade in the industry and Mrs Malika Valecha (Director; Daughter of Mr Prem Kumar Valecha) has an experience of 5 years in the industry.

Favorable location of operations

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

Assumptions/Covenants: Not applicable

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

Applicable Criteria:

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

[Policy on Default Recognition](#)

[Criteria on Assigning 'Outlook' and credit watch](#)

[Financial Ratios – Non-financial Sector](#)

[Manufacturing Companies](#)

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

Incorporated in the year 1987, K.C. Solvent Extractions Private Limited (KCSEPL) is a Ferozepur, Punjab based company engaged in the business of processing of paddy to rice, manufacturing rice bran oil and refined edible oil. The products of the company are sold to both the domestic as well as the export markets like Saudi Arabia, Iran, Iraq, Africa, etc. In the domestic market, the company primarily sells its products through brokers in Punjab, Maharashtra, Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, etc. The company exports exclusively through agents and does not engage in direct exports of its products. KCSEPL is promoted by Mr Prem Kumar Valecha (Managing Director) who has more than three decades of experience in the industry. He is supported by Mr. Hemant Valecha, Mrs Mamta Rani and Mrs Malika Valecha who are having extensive experience in the industry.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	270.87	358.66
PBILDT*	9.85	7.06
Profit after tax (PAT)	3.56	3.63
Overall gearing (x)	2.57	2.24
Interest coverage (x)	2.39	1.99

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

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		-	-	-	60.00	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 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	60.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (28-Mar-25) 2)CARE BB+; Stable (01-Jul-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 lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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