

J.V. Agro Exports ^(Revised)
 June 25, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	9.64	CARE B;Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; Stable (Single B Plus; Outlook: Stable) on the basis of best available information
Total Facilities	9.64 (Rupees Nine crore and Sixty Four Lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking no default statement from J.V Agro Exports to monitor the rating vide e mail communications dated June 15, 2020, June 5, 2020, June 1, 2020, June 3, 2020, May 29, 2020, May 8, 2020, May 6, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided No Default Statement for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on J.V Agro Export's bank facilities 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 ratings.

The rating has been revised by taking into account non-cooperation by JVA with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to JVA continues to remain constrained by susceptibility to fluctuation in raw material prices and monsoon dependent operations, fragmented nature of industry coupled with high level of government regulation, and partnership nature of constitution. The ratings, however, draw comfort from experienced partners and location advantages.

Detailed description of the key rating drivers**Key Rating Weaknesses*****Susceptibility to fluctuation in raw material prices and monsoon dependent operations***

Agro-based industry is characterized by its seasonality, as it is dependent on the availability of raw materials, which further varies with different harvesting periods. Availability and prices of agro commodities are highly dependent on the climatic conditions. Adverse climatic conditions can affect their availability and leads to volatility in raw material prices. Also, there is a long time lag between raw material procurement and liquidation of inventory, the firm 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. There are several small scale operators which are not into end-to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing. Furthermore, the raw material (paddy) prices are regulated by government to safeguard the interest of farmers, which in turn limits the bargaining power of the rice millers. The firm has availed moratorium from its bank in light of COVID-19, as per the extant Reserve Bank of India (RBI) guidelines.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Partnership nature of constitution

JVA'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.

Key Rating Strengths

Experienced partners

JVA is currently being managed by Mr. Deepak Goel and Mr. Sahil Kadyan. Mr. Deepak Goel has an industry experience of one decade through his association with other group concerns and other regional entities. Furthermore, the partners are supported by experienced team having varied experience in the field of marketing and finance aspects of business.

Location advantages

JVA will be engaged in processing of paddy and will also be engaged in grading, sorting & packaging of rice. The firm's processing facility is situated at District Karnal, Haryana which is one of the hubs of processing of paddy in India. The firm benefits from the location advantage in terms of easy accessibility to large customer base. Additionally, various raw materials required is readily available owing to established supplier base in the same location as well

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Rating Outlook and Credit Watch](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

About the company

J.V. Agro Exports (JVA) was established as a partnership firm in December 2017 by Mr. Deepak Goel and Mr. Sahil Kadyan sharing profit and loss equally. JVA is engaged in manufacturing and trading of rice, rice bran, husk and phak at its facility located at District Karnal, Haryana with installed capacity of 42,000 tonne of rice per annum. The commercial operations of the unit commenced in November, 2018. The firm plans to sell to government as well as private players. Furthermore, the firm is in talks with Adani Wilmar Limited (CARE A; Stable/ CARE A1) for processing of paddy on job work basis. Besides this, one of the partners is also engaged in another group concerns namely New Goel Pesticides & Fertilizers and Real Agro Foods. New Goel Pesticides & Fertilizers is a partnership firm engaged in commission agent business of pesticides & fertilizers since 2011. Real Agro Foods is a partnership firm engaged in similar business of processing of paddy since 2011.

Brief Financials (Rs. crore)	31-03-2019
	Prov.
Total operating income	20.87
PBILDT	2.46
PAT	0.08
Overall gearing (times)	5.47
Interest coverage (times)	3.38

Prov. Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	January, 2025	7.14	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
					available information
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	7.14	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (27-Aug-19)	1)CARE B+; Stable (10-Dec-18)	-
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (27-Aug-19)	1)CARE B+; Stable (10-Dec-18)	-

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**