

Press Release
Jyotindra International

November 29, 2021



Rating Reaffirmed

Product	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.00	60.00	-	ACUITE A3 Reaffirmed
Total	60.00	60.00	-	-

*Refer annexure details

Rating Rationale

Acuité has reaffirmed the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs.60.00 crore bank facilities of Jyotindra International. The outlook is '**Stable**'.

Rationale for Rating Reaffirmation

The rating reaffirmation considers the comfort drawn on the long track record of operations and stable business risk profile with an order book position of Rs. 67.18 crore. Coupled to that, the company has a moderate financial risk profile, adequate liquidity with moderate bank limit utilisation. The rating, however, remains constrained on account of susceptibility to raw material price fluctuations and agro climatic risk.

About the Company

Established in 1973, JYOTINDRA INTERNATIONAL (JI) is a Gujarat-based partnership firm promoted by late Mr. Jyotindra Modh and family. The firm is engaged in processing of psyllium husk and psyllium husk powder from psyllium seeds (Isabgul seeds). The firm has its manufacturing facility located at Palanpur, Gujarat with installed capacity of processing 750 MTPA. The firm also undertakes processing of senna pods and senna leaves. The firm exports about 70 percent of its produce to the countries like UK, Europe, Spain, Brazil, USA, and China amongst few.

Analytical Approach

Acuité has considered the consolidated business and financial risk profiles of Jyotindra International (JI) and Ispasen Remedies (IR) together known as 'JI Group'. The consolidation is due to common management and similar line of business. Extent of consolidation: Full

Key Rating Drivers

Strengths

>Established track record of operations and experienced management

JI was established in 1973 by late Mr. Jyotindra Modh and family. The group is currently managed by the second generation of the Modh family. The firm has established track record of more than four decades in manufacturing and processing of psyllium husk and powder. The promoters possess vast experience of over four decades in this industry and are ably assisted by an experienced second line of management.

Acuité believes that JI will benefit from experienced management which will help the firm to maintain long standing relations with its customers and suppliers.

>Moderate financial risk profile

The financial risk profile of the company stood comfortable marked by healthy net worth, comfortable coverage indicators, and low gearing. The net worth of the company improved and stood at Rs. 22.33 crore as on 31 March 2021 (Provisional) as against Rs. 19.11 crore as on 31 March 2020 on account of healthy accretion in reserves. JI has followed a moderate financial policy in the past, the same is also reflected through its low gearing levels. The gearing level (debt equity) stood at 1.03 times as on 31 March 2021 (Provisional) as against 1.35 times as on 31 March 2020. The interest coverage ratio (ICR) stood at 3.54 times as on 31 March 2021 (Provisional) as against 2.82 times as on 31 March 2020. Debt service coverage ratio (DSCR) stood at 3.54 times on 31 March 2021 (Provisional) as against 2.82 times as on 31 March 2020. Total outside liabilities to Tangible net worth (TOL/TNW) ratio stood moderate at 1.06 times in FY2021 (Provisional) as against 1.57 times in FY2020.

Weaknesses

>Moderate working capital operations

The operations of JI are moderately working capital intensive marked by Gross Current Assets (GCA) of 63 days in FY2021 (Provisional) as against 83 days in FY2020. The receivables days also stood at 26 days as on 31 March 2021 (Provisional) and as on 31 March 2020. The inventory holding days stood low at 27 days as on 31 March 2021 (Provisional) as against 49 days as on 31 March 2020. The peak season for procuring psyllium seeds is from Feb-June which increase their working capital utilization levels during the peak season.

Acuité believes that the ability of the firm to efficiently manage its working capital requirements will remain key rating sensitivity.

>Margins susceptible to raw material price fluctuations and agro climatic risk

Psyllium seeds is the major raw material for the group. It being an agricultural produce, the availability and pricing of the same depends upon various factors such as monsoon during the year, area under cultivation, demand domestically and internationally along with various other factors. Also, it being an agro products, the industry has to depend on monsoons, crop yields, and the area under cultivation, minimum support prices and other financial incentives announced by the government. Any change in the monsoon/climate conditions may interrupt the supply of psyllium. Hence, the profitability margins for the firm are susceptible to the variation on raw material prices and climate risk.

Liquidity Position: Adequate

Liquidity of JI is adequate marked by adequate cash accruals of Rs.4.71 crore as on 31 March 2021 as against Rs.4.23 crore on 31 March 2020. It has unencumbered cash balances of Rs.1.92 crore as on 31 March 2021. The current ratio stood at 1.69 times. Further, NCA/TD (Net Cash Accruals to Total Debt) stood at 0.20 times in FY2021 as against 0.16 times in FY2020.

Acuité believes that the liquidity of the group is likely to remain moderate over the medium term on account of moderate accruals and no major debt repayment obligations over the medium term.

Rating Sensitivities

>Sustenance of profitability margins

>Deterioration in working capital cycle leading to deterioration in liquidity

Material covenants

None

Outlook:

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	174.38	145.15
PAT	Rs. Cr.	4.11	3.31
PAT Margin	(%)	2.36	2.28
Total Debt/Tangible Net Worth	Times	1.03	1.35
PBDIT/Interest	Times	3.54	2.82

Status of non-cooperation with previous CRA (if applicable)

Brickwork, vide its press release dated 14 Aug 2019 has denoted the rating of JI as BWR BB+; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.in/view-rating-criteria-55.htm>
Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Sep 2020	Packing Credit	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Packing Credit	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
	Standby Line of Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
26 Jul 2019	Packing Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Standby Line of Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Packing Credit	Long Term	30.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Rating
Bank of Baroda	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	30.00	ACUITE A3 Reaffirmed
Yes Bank Ltd	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	25.00	ACUITE A3 Reaffirmed
Bank of Baroda	Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	5.00	ACUITE A3 Reaffirmed

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About Acuité Ratings & Research

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