

**Press Release**  
**Jyotindra International**  
**January 08, 2024**  
**Rating Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	73.00	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	73.00	-	-

**Rating Rationale**

Acuite has reaffirmed the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 73.00 crore bank facilities of Jyotindra International (JI).

**Rationale for Rating Reaffirmation**

The reaffirmation in rating takes into account the gradual improvement in scale of operations marked by revenue of Rs.276 Cr in FY2023 as against Rs.219 Cr in FY2022 albeit reduction in profitability margins. The rating also factors in the, moderate financial risk profile of the group along with extensive experience of management in the industry, established track record of operations and long standing relationship with reputed clientele such as Dr. Schar Austria GmbH, The Procter & Gamble Manufacturing Company, Mylan Laboratories Limited and among others. However, the rating remains constrained due to reduction in operating profitability margins and moderately intensive working capital operations. The EBITDA margins stood at 2.68 percent in FY2023 as against 3.76 percent in FY2022. Also, the PAT margins stood at 1.87 percent in FY2023 as against 1.92 percent in FY2022. Further, the profitability is susceptible to volatility in agriculture commodity prices and fluctuations in exchange rates.

**About 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 7500 MTPA. The firm also undertakes processing of senna pods and senna leaves. The firm exports about 85 percent of its produce to the countries like UK, Europe, Spain, Brazil, USA, and China amongst few.

**About the Group**

Gujarat based Ispasen Remedies Private Limited (IRPL) is the sister concern of JI. The firm was incorporated in 2014 and is engaged in processing of psyllium husk and psyllium husk powder from psyllium seeds (Isabgul seeds). IR caters to local market in Gujarat and has installed capacity of 3000MTPA with an average capacity utilization of around 70 percent. Mrs. Urmilaben J. Modh and Mrs. Ruchi Dhaval Modh are the current partners of the firm. The firm has converted into a private limited company in August 2023.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

## Extent of Consolidation

- Full Consolidation

## **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has considered the consolidated business and financial risk profiles of Jyotindra International (JI) and Ispasen Remedies Private Limited (IRPL) together known as 'JI Group'. The consolidation is due to common management, similar line of business and operational and financial linkages.

## **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 group stood moderate, marked by moderate net worth, gearing and comfortable debt protection metrics. The tangible net worth of the group stood at Rs.20.94 crore as on 31 March 2023 as against Rs.22.66 crore as on 31 March, 2022. The total debt of the group stood at Rs.42.60 crore which includes short-term debt of Rs.39.31 Cr, long term debt of Rs.0.17 Cr and Rs.3.11 Cr of unsecured loans as on 31 March, 2023. The gearing (debt-equity) of the group stood at 2.03 times as on 31 March 2023 as compared to 1.33 times as on 31 March, 2022. Interest Coverage Ratio of the group stood at 2.57 times for FY2023 as against 2.27 times for FY2022. Debt Service Coverage Ratio (DSCR) of the group stood at 2.49 times in FY2023 as against 2.27 times in FY2022. Total outside Liabilities/Total Net Worth (TOL/TNW) of the company stood at 2.06 times as on 31 March, 2023 as against 1.31 times as on 31 March, 2022. Net Cash Accruals to Total Debt (NCA/TD) of the company stood at 0.14 times for FY2023 as against 0.17 times for FY2022.

Acuité believes the financial risk profile will remain moderate over the medium term in the absence of debt funded capital expenditure.

#### **Improving revenue albeit reduction in operating margins**

The revenue of the group improved to Rs.276.03 Cr in FY2022 against Rs.219.25 Cr in FY2021. The group had 26% increase in revenue which was on account of an increase in price realization in FY2022. The majority production of husk majorly takes place from Apr-June. Around 60% of the revenue for JI comes from top 5 customers namely, Dr. Schar Austria GmbH, The Procter & Gamble Manufacturing Company, Mylan Laboratories Limited, Reckitt Benckiser Healthcare (UK) Limited and Recipharma Hoganas AB. The group has its presence in international market as well mainly in countries like USA, Austria, UK, Sweden, Germany and among others. JI achieves 80% of revenue from exports and the remaining 20% from domestic & IR completely achieves its revenue from domestic sales. For IR, top customers are Tirupati Medicare Limited, Jyotindra International, Kalpesh Corporation and among others. IR makes around 30-40% of revenue from JI. Till December 2023, the group has achieved around Rs.205 Cr, out of which Rs.153 Cr is from JI and the remaining Rs.52 Cr is from IR. The group also has outstanding orders worth Rs.81.12 Cr as of November 2023 which gives revenue visibility in the medium term.

Acuité believes going forward the group expects operating margins in the range of 4-5 percent.

### **Weaknesses**

#### **Moderate Intensive working capital operations**

The company's operations are working capital moderately intensive in nature marked by GCA days of 66 days as on March 31, 2023 and March 31, 2022 as against 70 days as on March 31, 2021. The group receives no credit period from its suppliers, however, the group provides a credit period of 30 days to debtors and has an inventory holding period of 45-60 days. Thus,

the debtor days stood at 23 days in FY23 as against 32 days in FY2022. Inventory days stood at 38 days in FY2023 as against 29 days in FY2022. As a result, the average bank limit utilization for 7 months ended October 2023 is 90% with peak utilization through April-June due to seasonality.

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.

### **Inherent risk of capital withdrawal**

The group is susceptible to the inherent risk of capital withdrawal given its constitution. Any significant withdrawal of the partner's capital will have a negative bearing on the financial risk profile of the firm. For FY2023, there had been capital withdrawal of ~Rs.3-4 Cr which was accounted. However, Rs. 3.11 Cr of unsecured loan was introduced by promoters in FY2023.

### **Rating Sensitivities**

- Ability to improve scale of operations while maintaining the profitability margins
- Increased withdrawals of retained earnings by partners.
- Ability of improving financial risk profile while maintaining gearing levels.
- Ability to improve and maintain an efficient working capital cycle.

### **Liquidity Position Adequate**

The company's liquidity position is adequate, marked by net cash accruals against no maturity debt obligations. The group generated net cash accruals in the range of Rs.4.72-6.06 Crore from FY 2021- 2023. In addition, it is expected to generate sufficient cash accrual in the range of Rs.6.75-7.34 crore against the maturity debt obligation ranging between 0.08-0.09 Cr over the medium term. The working capital management of the company is moderately intensive marked by GCA days of 66 days in FY2023 and FY2022 as against 70 days in FY2021. The average of utilization of the working capital facilities stood at ~90% per cent for past 07 months ended October 2023. The group maintains unencumbered cash and bank balances of Rs.0.16 crore as on March 31, 2023. The current ratio of the company stands at 1.31 times as on March 31, 2023 as against 1.53 times as on 31 March, 2022.

Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of moderate accruals.

### **Outlook:**

Not Applicable

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	276.03	219.25
PAT	Rs. Cr.	5.17	4.21
PAT Margin	(%)	1.87	1.92
Total Debt/Tangible Net Worth	Times	2.03	1.33
PBDIT/Interest	Times	2.57	2.27

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

Not Applicable

### Any Other Information

None

### Applicable Criteria

- 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>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Oct 2022	Standby Line of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Standby Line of Credit	Short Term	2.00	ACUITE A3 (Assigned)
	Proposed Bank Facility	Short Term	1.00	ACUITE A3 (Assigned)
	Packing Credit	Short Term	30.00	ACUITE A3 (Reaffirmed)
	Packing Credit	Short Term	10.00	ACUITE A3 (Assigned)
	Packing Credit	Short Term	25.00	ACUITE A3 (Reaffirmed)
29 Nov 2021	Packing Credit	Short Term	25.00	ACUITE A3 (Reaffirmed)
	Packing Credit	Short Term	30.00	ACUITE A3 (Reaffirmed)
	Standby Line of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	25.00	ACUITE A3   Reaffirmed
Bank of Baroda	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE A3   Reaffirmed
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A3   Reaffirmed
Bank of Baroda	Not Applicable	Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE A3   Reaffirmed

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Siddharth Shah Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:siddharth.shah@acuite.in">siddharth.shah@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.