Sanjay Grain Products Private Limited

June 16, 2025

Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	90.00 (Including proposed limit of Rs. 37.75 crore)	IVR BBB-; Stable (IVR Triple B minus with Stable outlook)	-	Assigned	Simple
Total	**90.00 (Rupees Ninety Crore Only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The rating assigned to the bank facilities of Sanjay Grain Products Private Limited (SGPPL) derives comfort from its experienced promoter and improvement in scale of operation in FY24(A) [FY refers to period from April 1 to March 31] and FY25(P). The ratings also consider the company's moderate capital structure with moderate debt protection metrics and stable demand prospect for rice. However, these rating strengths are partially offset by the company's thin profit margin, exposure to agro-climatic condition and vulnerability to commodity price movement and highly competitive industry.

The stable outlook reflects improvement in the scale of operations on the back of stable market demand of rice supported by extensive experience of the promoters.

Key Rating Sensitivities:

Upward Factors

- Sustained revenue growth with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis.
- Improvement in the capital structure with improvement in debt protection metrics.
- Improvement in working capital management leading to improvement in operating cycle and liquidity.

Downward Factors

- Decline in revenue and profitability leading to deterioration in debt protection metrics on a sustained basis.

- Withdrawal of subordinated unsecured loan leading to moderation in the capital structure with moderation in the overall gearing to over 3x and/or moderation in debt protection metrics marked by moderation in interest coverage ratio to below 1.5x.
- Increase in working capital intensity impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoter**

  Mr. Deepak Kumar Mittal along with his wife Mrs. Bijeta Devi Mittal and son Mr. Himanshu Mittal are the present directors of the company. Mr. Deepak Kumar Mittal has around 28 years of experience in running Rice mill, FRK, Pulses mill, and trading of food grain items mainly rice and pulses. On average, the other directors of the company also have over 10 years of experience in the relevant industry. The company will continue to benefit from its promoters' extensive experience and their strong understanding of the market dynamics.
- **Improvement in scale of operation albeit thin profit margin.**

  The total operating income (TOI) of the company increased at a CAGR of ~11% from FY23 to FY25 with a y-o-y growth from Rs.333.20 crore in FY24(A) to Rs.463.85 crore in FY25 (Prov.) driven by improvement in average sales realisation of all the products coupled with the increase in volume sale of its major product (Rice). With increase in TOI, EBITDA margin and PAT margin improved from 3.00% and 0.72% respectively in FY23(A) to 3.52% and 0.77% respectively in FY25(Prov.) driven by better absorption of fixed overheads.
- **Moderate capital structure with moderate debt protection metrics.**

  The capital structure of the company remained moderate marked by its moderate leverage ratios. Notwithstanding the improvement, the overall gearing ratio stood moderate at 1.71x respectively as on March 31, 2025 (Prov.), as against 2.92x respectively as on March 31, 2024. However, the debt equity ratio stood comfortable at 0.06x as on March 31, 2025 (Prov.) [0.15x as on March 31, 2024]. The improvement in leverage ratios is underpinned by infusion of equity of Rs. 3.40 crore and subordinated unsecured loans to the tune of Rs. 5.76 crore by the promoters and accretion of profit to net worth in FY25. Total indebtedness as reflected by TOL/ATNW also remained satisfactory at 2.03x as on March 31, 2025 (Prov.) [3.58x as on March 31, 2024]. However, the capital structure of the company is expected to be moderated marked by moderation in the leverage ratios in the near term due to enhancement of working capital limit. Further, the ICR stood satisfactory at 1.73x in

FY25[1.40x in FY24]. Total debt / EBITDA and Total debt / NCA also stood moderate at 3.75x and 10.75x respectively as on March 31, 2025 (Prov.) [7.73x and 36.50 years respectively as on March 31, 2024].

- **Stable demand prospects for rice**

  The demand prospects for rice industry are expected to remain stable as rice is a staple food grain and India is the world's second largest producer and one of the top exporters in global rice trade. Rice is one of India's most important food crops, feeding the population of India, as well as a key generator of employment. Indian rice caters to the Middle East and Africa for non-Basmati, and the EU and the US for Basmati variety. With the increasing demand for rice globally, the exports are increasing from India. India being the second largest producer of rice holds a key position in the rice export market.

Key Rating Weaknesses

- **Thin profit margin**

  The company's operating margin continues to remain thin given the limited value addition which also has subsequently impacted on the net margin. EBITDA margin stood at 3.52% in FY25 (Prov.) as against 3.00% in FY24 and PAT margin stood at 0.77% in FY25 (Prov.) as against 0.72% in FY24.

- **Exposure to agro-climatic conditions and vulnerability to commodity price movements.**

  Cultivation of paddy, the primary raw material, depends on monsoon and availability of irrigation. Hence, SGPPL is susceptible to any shortage or price fluctuation during unfavourable climatic conditions. The rice milling industry is regulated in terms of paddy prices, export/import of rice, and the release mechanism. Thus, the firm remains exposed to changes in government policies in relation to stipulation of MSP for procurement of paddy from farmers and revision of policies on export, etc.

- **Highly competitive industry**

  The rice processing industry is highly competitive and fragmented industry because of several organised and unorganised players owing to its low entry barriers, low capital and technological requirements. High competition restricts the pricing flexibility of the industry participants.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation (Non-Financial Sector).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

SGPPL's liquidity profile is expected to remain adequate in the near term with expected adequate cash accruals. The company has expected to earn cash accruals in the range of Rs.6.44 crore – Rs.10.01 crore as compared to its debt obligations in the range of Rs.0.09 crore - Rs.1.17 crore during FY25-FY27. Further, the current ratio of the company stood satisfactory at 1.36x as on March 31, 2025 (Prov.) and the average cash credit utilisation of the company remained moderate at ~69% during the past 12 months ended March 2025, indicating moderate liquidity cushion. The operating cycle of the company improved to 67 days in FY25(Prov.) [78 days in FY24(A)].

About the Company

Incorporated in 1997, Raipur based Sanjay Grain Products Private Limited (SGPPL) is engaged in processing and milling of Agri-based products such as Non-Basmati Rice, Fortified Rice Kernels (FRK), Pulses, Micronutrient Premix and Cattle Feed. SGPPL operates under the leadership of Mr. Deepak Kumar Mittal along with Smt. Bijeta Devi Mittal and Mr. Himanshu Mittal. The promoter has a vast experience of more than two decades in Agro-trading and food processing. SGPPL markets its processed rice under the renowned brand names "36 Bhog" and "Ladla Beta," both of which enjoy significant popularity across Central India. In addition to its commercial operation, company is actively participating in government tenders and have strong base of private clients and B2B network across the country.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	333.20	463.85
EBITDA	10.01	16.32
PAT	2.42	3.57
Total Debt	77.39	61.19
Tangible Net Worth	22.18	25.68
Adjusted Tangible Net Worth	26.54	35.80
EBITDA Margin (%)	3.00	3.52

PAT Margin (%)	0.72	0.77
Overall Gearing Ratio (x)	2.92	1.71
Interest Coverage (x)	1.40	1.73

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA:

CARE Edge Ratings has continued to classify the ratings of the bank facilities of SGPPL under "ISSUER NOT COOPEARATING" category, vide their press releases dated March 24, 2025, due to non- submission information for monitoring of rating.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Term Loan	Long Term	0.45	IVR BBB-; Stable	-	-	-
2.	GECL	Long Term	1.80	IVR BBB-; Stable	-	-	-
3.	Cash Credit	Long Term	50.00	IVR BBB-; Stable	-	-	-
4.	Proposed Limit – Cash Credit	Long Term	37.75	IVR BBB-; Stable			

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly known as Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Nov 2026	0.45	IVR BBB-; Stable
GECL	-	-	-	Nov 2026	1.80	IVR BBB-; Stable
Cash Credit	-	-	-	-	50.00	IVR BBB-; Stable
Proposed Limit- Cash Credit	-	-	-	-	37.75	IVR BBB-; Stable-

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-Sanjay-Grain-16june25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.