

MI DIYA AGRO INDUSTRIES LLP

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	44.52	CARE BB-; Stable	Assigned
Short Term Bank Facilities	0.48	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of MI Diya Agro Industries LLP (MIDA) are constrained on account of its thin profitability, leveraged capital structure, modest debt coverage indicators and stretched liquidity. Ratings are also constrained by its presence in a highly competitive and fragmented edible oil industry, susceptibility of its profitability to volatile agro commodity prices and constitution as partnership firm.

However, ratings derive strength from experienced promoters in edible oil industry, moderate scale of operations and moderately concentrated albeit reputed clientele.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume backed growth in TOI on sustained basis and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 2% on a sustained basis
- Improvement in overall gearing below 2.5x along with improvement in debt coverage indicators (PBILDT interest coverage above 2x) on a sustained basis.

Negative factors

- Any major moderation in TOI and PBILDT margin from existing level on a sustained basis.
- Deterioration in overall gearing above 4.50x, resulting in adverse impact on liquidity / debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectations that the firm will sustain its moderate scale of operations in the near to medium term, supported by its experienced promoters and reputed clientele.

Detailed description of key rating drivers:

Key weaknesses

Thin Profitability

MIDA's profitability remained thin due to limited value addition in edible oil processing and high volatility in raw material prices which is procured at market linked rates. The firm reported PBILDT margin of 1.63% in FY24 (1.37% in FY23) and a profit after tax (PAT) margin of 0.18% in FY24 (0.15% in FY23). MIDA's gross cash accruals (GCA) also remained modest at ₹2.36 crore in FY24 (P.Y.: ₹2.34 crore).

Leveraged capital structure and modest debt coverage indicators

The capital structure of the firm remained leveraged marked by overall gearing of 3.73x at FY24 end (3.25x at FY23 end) mainly on account of limited net-worth base of the firm. The net-worth base of the firm stood at ₹11.45 crore as on March 31, 2024, however, the same has moderately improved to ₹14.57 crore as on December 31, 2024. Furthermore, the capital structure is expected to remain leveraged due to planned debt-funded capex for installation of solar plant (~1.20MW capacity) during current

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

year. The proposed capex cost is estimated at ₹5.12 crore, to be funded out of term loan of ₹3.84 crore and remaining from internal accruals/infusion by promoters.

Debt coverage indicators stood modest marked by PBILDT interest coverage and Total debt to GCA of 1.73x (P.Y:2.15x) and 18.12 years (P.Y: 13.50 years) respectively as on March 31, 2024.

Presence in a highly competitive and fragmented industry with inherent risk associated with volatility in agro commodities prices

The edible oil industry in India is characterized by a high degree of competition, resulting from fragmentation due to low entry barriers and low capital intensity. As a result, profitability is inherently thin.

MIDA uses mustard seeds as key raw materials for the extraction process, while the end products include mustard oil and de-oiled cakes. Both, raw materials and end products, are agricultural commodities, and their prices are affected by various factors, including monsoon, area under cultivation, prices of other edible oils, minimum support prices (MSP) set by the government, the demand supply gap, and weather conditions in major crop-growing nations; thus, the same remain volatile.

Constitution as partnership firm

Being a limited liability partnership, MIDA is exposed to inherent risk of partners' capital being withdrawn at time of personal contingency, and firm being dissolved upon the death/retirement/insolvency of partners.

Key strengths

Experienced Promoters

The operations of MIDA are managed by the partners: Mr. Guaravkumar Thakkar and Mr. Anilkumar Thakkar. The promoters/promoter family have experience of around two decades in the edible oil processing and trading industry through its earlier ventures viz. Mahalaxmi Industries, which was set up in 2004 by Mr. Bharatbhai Thakkar (father of current promoters of MIDA) for manufacturing/extraction of expeller mustard oil and Diya Agro Commodities Private Limited, which was set up in 2015 as marketing and trading arm for Mahalaxmi industries at Radhanpur, Gujarat. This experience has provided the partners with a strong understanding of market dynamics and has helped them maintain relationships with both suppliers and customers. As informed, operations of Mahalaxmi Industries and Diya Agro Commodities Private Limited are merged with MIDA.

Moderate scale of operations

MIDA started its operations from end of October 2021 marking FY23 as first full year of operations. During FY24, the firm registered moderate TOI of ₹370.35 crore (₹339.19 Crore in FY23). The scale improved marginally as compared to last year with increase in sales volume and stabilisation of edible oil prices to an extent. Till March 07, 2025, MIDA has booked sales of ₹458 crore (₹390.45 crore in 9MFY25) and is envisaged to register TOI of around ₹500 Crore in FY25.

Moderately concentrated albeit reputed clientele

The clientele of MIDA comprise of reputed corporates like Adani Wilmar Limited and Godrej Industries Limited (GIL), together contributing around 25%-26% of sales for FY24. The firm also caters to other well-known entities such as Maruti Agro Traders, Rajgor Proteins Limited etc., with top five customers contributing moderate 38% and 51% of net sales in FY24 and 9MFY25 respectively. Apart from direct sales, firm also caters to local customers through brokers. MIDA also sells ghani oil and refined oil under its own brand namely Diya Gold, however same forms approx. 10% of its total sales.

Liquidity: Stretched

Liquidity of the firm remained stretched as reflected by high utilisation of working capital limits at over 90% during trailing 12 months ended February 2025. Also, it has low free cash and bank balance of ₹0.49 crore as on March 31, 2024. However, the cash accruals are envisaged to be sufficient at ₹4-6 crore vis-à-vis the annual repayment obligations of ₹1.80-2.00 crore for FY25-FY27. Further, it has lean operating cycle of 33 days for FY24 (P.Y: 21 days).

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

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	Edible Oil

Gujarat based MIDA was established as a limited liability partnership firm in December 2020 by Gauravkumar Bharatbhai Thakkar and Anilkumar Bharatbhai Thakkar and commenced operations from end of October, 2021.

The firm is engaged in extraction of mustard oil (Kachchi Ghani, Expeller mustard oil, Mustard solvent crude oil) and mustard De-oiled cake (DOC) from mustard seeds. As on March 31, 2024, MIDA had seed crushing capacity of 400 Tonnes per day (TPD) and solvent extraction capacity of 300 TPD at its plant located at Radhanpur, Gujarat.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	339.19	370.35	390.45
PBILDT	4.65	6.05	4.55
PAT	0.51	0.65	NA
Overall gearing (times)	3.25	3.73	NA
Interest coverage (times)	2.15	1.73	NA

A: Audited Prov.: Provisional, NA: Not Available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of 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		-	-	-	35.00	CARE BB-; Stable
Fund-based - LT-Cash Credit		-	-	-	0.81	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	January, 2032	8.71	CARE BB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	0.48	CARE A4

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	35.00	CARE BB-; Stable				
2	Fund-based - LT-Term Loan	LT	8.71	CARE BB-; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	0.48	CARE A4				
4	Fund-based - LT-Cash Credit	LT	0.81	CARE BB-; Stable				

LT: Long term; ST: Short 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
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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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About us:

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