

## M S Ahuja Agrofoods Private Limited

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	11.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	6.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	15.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings has been seeking information from M S Ahuja Agrofoods Private Limited (MSAPL) to monitor the rating(s) vide e-mail communications dated March 11, 2025, March 07, 2025, March 05, 2025, February 19, 2025, etc., among others and numerous phone calls. However, despite our repeated requests, MSAPL has not provided requisite information for monitoring the ratings. Further, MSAPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Limited's rating on bank facilities of MHIPL will now be denoted as '**CARE B+; Stable/ CARE A4; 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 rating(s).**

The ratings have been downgraded on account of non-availability of requisite information due to non-cooperation by MSAPL with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings remain constrained due to low profitability margins, working capital intensive nature of operations, high degree of government control and susceptibility to vagaries of nature. However, the ratings continue to derive strength from favourable manufacturing location, moderate financial risk profile and experienced and resourceful promoters.

**Analytical approach:** Standalone

### Outlook: Stable

The "Stable" outlook reflects that the entity is likely to benefit from favourable location of plant, moderate financial risk profile with experience of the promoters in this business.

**Detailed description of key rating drivers:** At the time of last rating on April 03, 2024, following were the rating weaknesses and strengths (updated for information available from registrar of companies)

### Key weaknesses

#### Low profitability margins

The total operating income of the company has moderated to Rs. 79.10 crores in FY24 from Rs. 87.84 crore in FY23. The PBILDT margin remained low at 3.61% during FY24 (PY: 3.27%), while PAT margin stood at 0.38% for FY24 as against 0.29% for FY23.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Working capital intensive nature of operations

The operating cycle of the group stood at 113 days in FY24(PY: 92 days). The inventory holding period has increased to 108 days in FY24 as against 95 days in FY23, however collection period remained at 16 days in FY24(PY:16 days). The average creditor period of the company stood at 11 days in FY24 (PY: 18 days).

### High degree of government control

Paddy and Rice prices are regulated by the government to safeguard the interest of farmers. The farmers bring their produce to their nearby grain markets that are sold under auction. The government has scrapped minimum export price (MEP) on basmati rice which may further intensify the stiff competition. Further frequent changes in the government policies regarding imposition of export tax, restriction on export of non-basmati rice and minimum export price are inherent risks for all rice processors.

### Susceptibility to vagaries of nature

Rice being mainly a Kharif crop is a seasonal crop and is cultivated from June-July to September-October, and the peak arrival of crop at major trading centers begins in October-November. The paddy output is dependent on the monsoon among other factors. Unpredictable weather conditions could affect the domestic output and result in volatility in the output and prices of paddy and rice. The firm is thus exposed to fluctuation in prices as paddy is a seasonal crop and thus susceptible to supply side constraints like seasonal nature and exposure to the vagaries of monsoon. However, to mitigate commodity price risk, the firm procures rice and paddy only on confirmation of order. The firm supplies rice and paddy only to domestic customers and hence is not exposed to any foreign currency fluctuation risk.

### Key strengths

#### Favourable manufacturing location

M S Ahuja Agrofoods Private Limited's manufacturing unit is located in Muktsar, Punjab. The area is one of the hubs for paddy/rice, leading to its easy availability. The unit is also at a close proximity to the grain market resulting in procurement of paddy at competitive rates. The presence of the company in vicinity to the paddy producing regions gives it an advantage over competitors in terms of easy availability of the raw material as well as favourable pricing terms. The favourable location also puts the company in a position to cut on the freight component of incoming raw materials.

#### Moderate financial risk profile

The company has leverage capital structure marked by moderate overall gearing of 5.43x as on March 31, 2024, as against 4.84x as on March 31, 2023. The interest coverage ratio stood at 1.52x for FY24 (PY: 1.56x).

#### Experienced and resourceful promoters

The company is currently being managed by directors Mr. Kapil Ahuja, Mr. Gourav Ahuja and Mr. Rajeev Kumar Ahuja. They both have experience in the same industry for around 10 years. The long-standing presence in the industry has enabled the company to grow the scale of operations.

### Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

### 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	Other Agricultural Products

M S Ahuja Agrofoods Private Limited was incorporated in 2013, set up by Mr Kapil Ahuja, Mr Gourav Ahuja and Mr Rajeev Kumar Ahuja. Mr Kapil Ahuja is the Managing director of the company. The company is engaged in the rice milling business. The company's manufacturing facility is in Muktsar, Punjab, and has current milling and sorting capacity of 9 tonne per hour (tph).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	87.84	79.10
PBILDT	2.87	2.86
PAT	0.25	0.30
Overall gearing (times)	4.84	5.43
Interest coverage (times)	1.56	1.52

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**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		-	-	-	7.12	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	September 2029	3.88	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	6.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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-Term Loan	LT	3.88	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (03-Apr-24)	-	-	-
2	Fund-based - LT-Cash Credit	LT	7.12	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (03-Apr-24)	-	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	6.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB-; Stable / CARE A4 (03-Apr-24)	-	-	-
4	Fund-based - ST-Working Capital Limits	ST	15.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (03-Apr-24)	-	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/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	Fund-based - ST-Working Capital Limits	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To 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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### Disclaimer:

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