

Vishnu Priya Agro Industries

May 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE B-; Stable; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities [^]	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

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

[^]refers to proposed Fund-based - LT-Working capital Term Loan

Rationale & Key Rating Drivers

CARE Ratings Ltd. has reaffirmed and withdrawn outstanding rating of CARE B-; Stable; ISSUER NOT COOPERATING (Single B minus; Outlook: Stable; ISSUER NOT COOPERATING) assigned to the bank facilities of Vishnu Priya Agro Industries (VPAI) with immediate effect. The above action has been taken at the request of VPAI as well as a No Objection Certificate received from the bank that has extended the facilities rated by CARE. Further, CARE Ratings Ltd has withdrawn the rating assigned to working capital term loan(Proposed) facility with immediate effect as VPAI has declared that it has not availed proposed facilities rated by CARE from any bank.

The rating assigned to the bank facilities of Vishnu Priya Agro Industries (VPAI) remain constrained on account of small scale of operations, moderate profitability margins, moderately leveraged capital structure and moderate debt coverage indicators during FY24 (refers to the period April 01 to March 31). The ratings are further constrained by seasonal nature of availability of paddy resulting in working capital intensive nature of operations and constitution of the entity as a partnership firm. The rating, however, derives comfort from experienced partners, locational advantage with presence in cluster and easy availability of paddy and stable outlook of rice industry.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating dated June 12, 2024, the following were the rating strengths and weaknesses (updated based on information available from client).

Key Weaknesses

Small scale of operations with Moderate profitability margin

The scale of operations marked by total operating income decreased due to subdued demand and was small to Rs.29.32 crore in FY24 as against Rs.33.20 crore in FY23. Resultantly, in absolute terms profitability remained low as marked by PBILDT and PAT of Rs.1.63 crore and Rs.0.43 crore respectively in FY24. Further, the profitability margin continues to remain moderate, despite a decline in total operating income during the year, marked by PBILDT margin and PAT margin of 5.56% and 1.45% respectively in FY24 compared to 5.06% and 1.43% respectively in FY23.

Moderately Leveraged capital structure and moderate debt coverage indicators

The capital structure although deteriorated due to increase in overall debt mainly in form of working capital borrowing and remained moderately leveraged with overall gearing ratio of 2.00x as on March 31, 2024 (PY: 1.84x). Further, due to reduction in overall profitability along with increase in overall debt as well as finance cost, debt coverage indicators also deteriorated and remained moderate as marked by PBILDT interest coverage ratio of 1.83x in FY24 as against 1.98x in FY23 and TD/GCA at 14.53x as on March 31, 2024 as against 10.47x as on March 31, 2023.

Seasonal availability of paddy resulting in working capital intensive nature of operations

Paddy in India is harvested mainly at the end of two major agricultural seasons Kharif (June to September) and Rabi (November to April). The millers have to stock enough paddies by the end of each season as the price and quality of paddy is

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

better during the harvesting season. Hence, the working capital requirement was high during seasons. The operations of firm were working capital intensive as marked by elongated gross current asset days, high utilisation of working capital limit and high ratio of net working capital to total capital employed. Gross current asset (GCA) days elongated to 179 days from 136 days in previous year primarily due to elongation in inventory holding period to 123 days from 87 days in previous year. However, the impact was partly mitigated by credit from suppliers, with creditor days improving to 29 days (PY: 32 days). Consequently, the operating cycle was elongated to 133 days in FY24 from 94 days in FY23. Further, utilisation of its working capital limit also remain high with average utilisation of 90% during past one year ended April 29, 2025. Furthermore, the ratio of net working capital to total capital employed was high at 74.87% as on March 31, 2024.

Constitution of entity as a partnership firm with inherent risk of withdrawal of capital

With the entity being partnership firm, there is an inherent risk of instances of capital withdrawals by partners resulting in lesser of entity's net worth. However, the partners have infused net capital of Rs. 0.21 crore during FY24 vis-à-vis Rs. 0.26 crore during FY23.

Key Strengths

Experienced promoters in the rice business

VPAI was established in 2015 by Mr. P. Satti Babu and his friends. Mr. P. Satti Babu is a graduate in B.com and Managing Partner of the firm. He has more than one decade of experience in the trading of Fertilizers and Paddy. Through partner's long-term experience in this industry, they have established healthy relationship with large number of clients.

Locational advantage with presence in cluster and easy availability of paddy

The rice milling unit of VPAI is located at Koppal district which is the top district for producing rice in Karnataka. The manufacturing unit is located near the rice producing region, which ensures easy raw material access and smooth supply of raw materials at competitive prices and lower logistic expenditure.

Healthy demand outlook of rice

Rice is consumed in large quantity in India which provides favorable opportunity for the rice millers and thus the demand is expected to remain healthy over medium to long term. India is the second largest producer of rice in the world after China and the largest producer and exporter of basmati rice in the world. The rice industry in India is broadly divided into two segments – basmati (drier and long grained) and non-basmati (sticky and short grained). Demand of Indian basmati rice has traditionally been export oriented where the South India caters about one-fourth share of India's exports. However, with a growing consumer class and increasing disposable incomes, demand for premium rice products is on the rise in the domestic market. Demand for non-basmati segment is primarily domestic market driven in India. Initiatives taken by government to increase paddy acreage and better monsoon conditions will be the key factors which will boost the supply of rice to the rice processing units. Rice being the staple food for almost 65% of the population in India has a stable domestic demand outlook. On the export front, global demand and supply of rice, government regulations on export and buffer stock to be maintained by government will determine the outlook for rice exports

Applicable criteria

[Withdrawal Policy](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the firm

Karnataka based, Vishnu Priya Agro Industries (VPAI) was established in October 2015 as partnership firm by Mr. P. Sathya Babu and his friends. VPAI is engaged in milling and processing of rice. The firm started its commercial operation in July 2017. The rice milling unit of the firm is located at Raichur (Dist.), Karnataka. Apart from rice processing, the firm is also engaged in selling off its by-products such as broken rice, bran and husk.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	34.55	27.18	33.20	29.32
PBILDT	1.78	1.60	1.68	1.63
PAT	0.37	0.33	0.47	0.43
Overall gearing (times)	3.24	2.41	1.84	2.00
Interest coverage (times)	1.88	1.85	1.98	1.83

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-Bank Overdraft		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	May 2025	0.00	Withdrawn
Fund-based - LT-Working capital Term Loan (Proposed)		-	-	-	0.00	Withdrawn

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (06-May-25)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (12-Jun-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (10-Apr-23)	-
2	Fund-based - LT-Bank Overdraft	LT	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (06-May-25)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (12-Jun-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (10-Apr-23)	-
3	Fund-based - LT-Working capital Term Loan (Proposed)	LT	-	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (12-Jun-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (10-Apr-23)	-

*Issuer did not cooperate; based on best available information. LT: Long term

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working capital Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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