

## Dynamic Agro International

June 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	8.96 (Reduced from 9.96)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	11.00 (Enhanced from 10.00)	CARE BB-; Stable / CARE A4	Reaffirmed
Short Term Bank Facilities	0.75	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Dynamic Agro International (DAI) continue to remain constrained on account of moderate scale of operations and profitability, leveraged capital structure, weak debt coverage indicators and stretched liquidity. Ratings, also factor presence of the DAI in highly fragmented and seasonal agro processing industry having low entry barriers and susceptibility of its profit margin to foreign exchange rate fluctuations and risks associated with partnership nature of its constitution.

Ratings, however, continue to derive strength from DAI's experienced partners along with location advantage.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained growth in scale of operations along with maintaining profit before interest, lease, depreciation and tax (PBILDT) margin above 7%
- Improvement in capital structure and debt coverage indicators marked by overall gearing below 2.5x and total debt to gross cash accruals (TDGCA) below 7x

#### Negative factors

- Decline in total operating income (TOI) by more than 20% with dip in GCA vis-à-vis debt repayment
- Deterioration in debt coverage indicators with total debt to PBILDT above 7x
- Any significant capital withdrawal impacting the liquidity of the firm

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectations that the entity will continue to benefit from the experience of its partners and shall sustain its moderate financial risk profile in near to medium term.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate scale of operations and profitability

On a y-o-y basis, DAI's TOI grew by ~11% to ₹41.27 crore in FY25 (FY24: ₹37.33 crore), backed by increase in the sales volume. CareEdge Ratings notes overall growth in the TOI in last 2-3 years albeit the same continues to remain moderate.

The firm procures chicory cubes from farmers as well as from stockist/dealers and processes it into roasted chicory cubes, granules and liquid form and exports it to European and African nations.

PBILDT margin continued to remain moderate at 7.96% during FY25 (FY24: 8.15%) however, due to comparatively higher depreciation and interest and finance cost, profit after tax (PAT) margin remained thin at 0.68% in FY25 (FY24: 0.65%). Subsequently, GCA remained thin at ₹0.83 crore in FY25 (FY24: ₹0.79 crore).

##### Leveraged capital structure and weak debt coverage indicators

The firm's working capital requirements grew in-line with its scale of operations. However, most of this increase was financed through debt, leading to a rise in total debt over the years. Total debt further increased from ₹17.87 crore as on March 31, 2024, to ₹21.49 crore as on March 31, 2025.

Also, with the limited profitability and some capital withdrawal instances past, capital base of the firm continued to remain small at ₹5.18 crore as on March 31, 2025 (₹4.95 crore as on March 31, 2024).

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

The debt coverage indicators continued to remain weak marked by total debt to GCA ratio of 25.50x in FY25 (FY23: 22.61x) and PBILDT interest coverage of 1.40x in FY24 and FY25.

### Partnership nature of constitution

DAI being a partnership firm is exposed to inherent risk of the partners' capital being withdrawn at the time of contingency which may impacts its liquidity and debt protection metrics. Also, small capital base of ₹5.18 crore as on March 31, 2025, restricts its financial flexibility.

### Presence in highly fragmented & seasonal Agro industry having low entry barriers and susceptibility of profitability to foreign exchange fluctuation risk

DAI operates in a highly fragmented Agro processing industry, which has large number of small sized players due to low entry barriers, low capital and technology requirements. The commodity nature of the product also makes the industry highly fragmented with more than two-third of the total number of players being in unorganized sector with very less product differentiation.

Furthermore, DAI majorly derives revenue from export market with exports sales forms around 76% of its total sales during FY25 (FY24: 83%). Also, in the absence of any active hedging policy, any adverse fluctuation in the forex rate may impact its profitability. During FY25 DAI has booked foreign exchange gain of ₹0.38 crore as against ₹0.33 crore during FY24.

### Key strengths

#### Experienced partners

DAI was incorporated in 1998 and currently it is being managed by Mr. Devkinandan Wadhwa, Mrs. Rekhaben Wadhwa, Mr. Aditya Wadhwa, and Mr. Suresh Panchal. Mr. Devkinandan Wadhwa have more than three decades of experience in Agro food processing industry. Collectively all the partners look after the overall management of the firm.

#### Location Advantage

The manufacturing facility of DAI is located at GIDC, Siddhpur which enjoys good road & rail and port connectivity leading to better lead-time and it also facilitates export and delivery of finished products in a timely manner. Further, main chicory producing region in Gujarat i.e. Banaskantha & Kheda are in the distance of 100kms from DAI's manufacturing facility.

#### Liquidity: Stretched

The liquidity position of DAI remained stretched marked by tightly matched GCA level against its debt repayment, high utilization of working capital limits during purchase season and elongated operating cycle. DAI is expected to report GCA of ~₹1.30 crore as against repayment obligation of ₹1.24 crore in FY26. Average working capital utilization remained high at ~90% for the past 12 months ended March 31, 2025. Since chicory is a seasonal crop, firm needs to maintain large raw material inventory for the un-interrupted operations. Inventory days remained high at 173 days during FY25 as compared with 155 days during FY24, the operating cycle continued to remain elongated at 195 days during FY25 (FY24: 171 days).

### 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 firm and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Siddhpur (Gujarat) based, DAI was promoted in the year 1998 as a partnership firm. Currently it is being managed by Mr. Devkinandan Wadhwa, Mrs. Rekhaben Wadhwa, Mr. Aditya Wadhwa, and Mr. Suresh Panchal. The firm is engaged into processing and exporting of chicory from its facility located at Siddhpur with the installed capacity of 50 metric tonnes per day (MTPD), comprising 25 MTPD each for dried chicory cubes and roasted chicory cubes, as of March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	37.33	41.27
PBILDT	3.04	3.29
PAT	0.24	0.28
Overall gearing (times)	3.61	4.15
Interest coverage (times)	1.40	1.40

A: Audited UA: Unaudited; 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	-	-	-	-	8.00	CARE BB-; Stable
Fund-based - LT-Proposed fund based limits	-	-	-	-	0.20	CARE BB-; Stable
Fund-based - LT-Term Loan	-	-	-	October 2029	0.76	CARE BB-; Stable
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	-	11.00	CARE BB-; Stable / CARE A4
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	0.75	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 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-Cash Credit	LT	8.00	CARE BB-; Stable	-	1)CARE BB-; Stable (26-Jul-24)	1)CARE BB-; Stable (29-Aug-23)	1)CARE BB-; Stable (27-Sep-22)
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	11.00	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (26-Jul-24)	1)CARE BB-; Stable / CARE A4 (29-Aug-23)	1)CARE BB-; Stable / CARE A4 (27-Sep-22)
3	Non-fund-based - ST-Credit Exposure Limit	ST	0.75	CARE A4	-	1)CARE A4 (26-Jul-24)	1)CARE A4 (29-Aug-23)	1)CARE A4 (27-Sep-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	1)Withdrawn (29-Aug-23)	1)CARE BB-; Stable / CARE A4 (27-Sep-22)
5	Fund-based - LT-Term Loan	LT	0.76	CARE BB-; Stable	-	1)CARE BB-; Stable (26-Jul-24)	1)CARE BB-; Stable (29-Aug-23)	1)CARE BB-; Stable (27-Sep-22)
6	Fund-based - LT-Proposed fund based limits	LT	0.20	CARE BB-; Stable	-	1)CARE BB-; Stable (26-Jul-24)	-	-

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-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	Simple
4	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
5	Non-fund-based - ST-Credit Exposure Limit	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.

### Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Kalpesh Ramanbhai Patel Director <b>CARE Ratings Limited</b> Phone: 079-40265611 E-mail: <a href="mailto:kalpesh.patel@careedge.in">kalpesh.patel@careedge.in</a></p> <p>Jignesh Trivedi Assistant Director <b>CARE Ratings Limited</b> Phone: 079-40265631 E-mail: <a href="mailto:jignesh.trivedi@careedge.in">jignesh.trivedi@careedge.in</a></p> <p>Nupur Shah Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Nupur.shah@careedge.in">Nupur.shah@careedge.in</a></p>
--	--

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**