

Annapurna Agro Industries LLP

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	43.00 (Reduced from 45.00)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	7.00 (Enhanced from 5.00)	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Annapurna Agro Industries LLP (AAI) continue to remain constrained on account of its modest scale of operations though improving with moderation in profitability in FY25 (refers to the period from April 1, 2024 to March 31, 2025), leveraged capital structure marked by high overall gearing, and weak debt coverage indicators. Ratings are further constrained by the working capital-intensive nature of operations, arising out of elongated inventory holding requirements due to seasonal paddy procurement, seasonal availability of paddy leading to fluctuations in profitability, exposure to the competitive and fragmented rice milling industry and high levels of government regulation, and the partnership constitution of the business which limits financial flexibility.

However, these rating weaknesses are partially offset by the experience of the promoters with over 15 years in the rice industry, the firm's recent capacity enhancement from 37 metric tonne per hour (MTPH) to 48 MTPH, and the ongoing forward integration through a bio-fuel plant, which is expected to diversify revenue streams. Further comfort is derived from a diversified customer base with sales spread across multiple states and exports to Nepal, as well as the favourable location of its manufacturing facilities in Mirzapur, Uttar Pradesh, a key paddy cultivation hub ensuring easy access to raw material.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling up of operations, with operating income above ₹150 crore and maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 5% on a sustained basis.
- Improvement in operating cycle to below 100 days.
- Improvement in overall capital structure as reflected by overall gearing level below 3x on a sustained basis.

Negative factors

- Decline in total operating income below ₹80 crore with PBILDT margin below 4% on a sustained basis.
- Further deterioration in capital structure due to increasing reliance on working capital borrowing as reflected by overall gearing above 7x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity shall benefit from the experience of promoters in the rice milling industry and its favourable manufacturing location.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations with moderate profitability

The scale of operations of the firm continues to remain modest, though improved in FY25. The total operating income increased to ₹136.99 crore in FY25 from ₹107.36 crore in FY24, supported by higher capacity utilisation post expansion. Despite the growth in revenue, profitability moderated with PBILDT margin declining to 6.09% in FY25 (PY: 6.42%), owing to margin pressure in the overall rice industry, while PAT margin stood at 1.20% in FY25 (PY: 1.28%), impacted by increased interest expenses at ₹4.12 crore in FY25 (PY: ₹3.16 crore) due to higher term debt for capacity enhancement and the ongoing bio-fuel plant project. Given

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

the limited value addition in rice milling and the highly competitive and regulated nature of the industry, the profitability profile is expected to remain modest going forward.

Leveraged capital structure and weak debt coverage indicators

The firm's capital structure remains leveraged, with an overall gearing of 4.78x as on March 31, 2025 (PY: 5.95x). Although gearing levels have improved marginally on account of accretion of profits to net worth, the same continues to remain high. Further, the capital structure has witnessed some deterioration in FY25 due to increased reliance on working capital borrowings, including cash credit limits and seasonal facilities, primarily to fund paddy procurement during peak season. Debt coverage indicators continue to remain weak. The interest coverage ratio moderated to 2.03x in FY25 (PY: 2.18x) owing to moderate profitability and increased finance costs of ₹4.12 crore in FY25 (PY: ₹3.16 crore) following the drawdown of term debt for capacity enhancement and the ongoing bio-fuel project. Similarly, the total debt to gross cash accruals (GCA) stood elevated at 18.84x in FY25 (PY: 16.65x). The weak coverage metrics, coupled with high gearing, continue to weigh on the financial risk profile of the firm.

Working capital intensive nature of operations

Working capital intensity continues to remain an inherent characteristic of the rice milling industry, particularly on account of the seasonal nature of paddy procurement and the requirement to maintain large inventory levels. For Annapurna, the operating cycle stood elongated at 155 days in FY25 (PY: 153 days), almost entirely on account of high inventory holding of 153 days (PY: 154 days) during the year. The firm undertakes bulk procurement of paddy during the harvesting season to ensure uninterrupted milling operations, which results in elevated inventory levels. The firm's debtor and creditor periods remain short, generally not exceeding one month, and the company has reported nil debtors outstanding for more than six months. Further, the firm maintains storage capacity of around 2,000 metric tonne, but despite these operational arrangements, the business model remains working capital-intensive, thereby increasing reliance on external borrowings, especially during peak procurement months.

Seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations

The major procurement of paddy happens from October to February. The firm's primary raw material being paddy, for proper harvest and availability of paddy, the weather conditions should be adequate. Adverse weather conditions directly affect the supply and availability of paddy, which leads to raw material price fluctuations. The central Government of India (GOI) every year decides a minimum support price of paddy, which limits the bargaining power of rice millers over the farmers. The sale of rice in the open market is also regulated by the government through levy quota and fixed prices. Due to the above-mentioned regulations and intense competition, the bargaining power of the rice millers against the suppliers of paddy and the customers is limited.

Competitive & fragmented nature of industry coupled with high level of government regulation

The rice industry is characterised by intense competition due to its fragmented structure and low product differentiation. The firm operates in a region densely populated by organised and unorganised rice millers, many of whom engage in aggressive pricing practices. This results in limited pricing power and pressure on margins. Additionally, despite possessing modern infrastructure, the firm must continually navigate a regulatory-heavy environment where compliance requirements, food safety standards, and documentation norms are subject to periodic revisions. Sustaining profitability in such an environment requires continuous operational efficiency, quality control, and adaptability to shifting regulatory expectations both domestically and abroad.

Partnership nature of firm having inherent risk of partner's capital withdrawal

Annapurna Agro Industries LLP is a partnership firm by constitution, thereby having inherent risk of withdrawal of partner's capital during personal contingency or dissolution of the firm due to death, retirement, or insolvency of a partner. Moreover, partnership firms have restricted access to external borrowing as creditworthiness of partners would be the key factor affecting credit decisions for lenders.

Key strengths

Experienced and Resourceful Promoters

The business is promoted by Mr Shambhu Nath Tiwari, who holds 15 years' experience in the rice industry. Prior to this, Mr Tiwari had two decades' experience in the carpet dyeing industry. Currently, he is supported by other partners, Mrs Priya Tiwari and Mr Suraj Tiwari, in the day-to-day management of the business. They are further assisted by other family members of the Tiwari family. Further, the promoters are resourceful and have the ability to infuse funds into the business as and when required for various business requirements. As on March 31, 2025, unsecured loans from friends and family stood at ₹13.12 crore (PY: ₹10.83 crore).

Favourable Location of Manufacturing Facility

The firm's manufacturing unit is located in Mirzapur, Uttar Pradesh. The area is surrounded by paddy cultivation hubs, leading to its easy availability. The firm procures paddy primarily from Uttar Pradesh and other neighbouring states. AAI operates with a 48 metric tonne per hour (MTPH) capacity and a storage capacity of ~2,000 metric tonne for both raw material and finished goods across three main warehouses. The presence of the firm's manufacturing unit in close proximity to paddy-producing regions gives it an advantage over competitors in terms of easy availability of raw material and favourable pricing terms. Further, operating in an established rice belt, the firm has access to several small-scale millers whose facilities can be used to meet temporary demand and production mismatches.

Diversified Customer Base

Annapurna primarily sells rice to wholesalers in Uttar Pradesh, Bihar, Haryana and Delhi. In FY25, the top 10 customers accounted for ~29% of total income (PY: ~27%). The diverse customer base reduces exposure to counterparty concentration risk.

Liquidity: Stretched

The liquidity profile of the firm continues to remain stretched on account of the inherently working capital-intensive nature of operations, primarily due to elongated inventory holding requirements. The operating cycle stood at 155 days in FY25 (PY: 153 days), with high inventory levels in the paddy procurement season. The firm's cash flow from operations remained negative, necessitating reliance on external borrowings for fund working capital requirements. The working capital limits have remained 90-95% utilised on average over the past 12 months, with peak utilisation observed in the procurement season. However, liquidity derives partial comfort from adequate cash accruals against modest repayment obligations. The firm is estimated to generate gross cash accruals of ₹3.62 crore in FY26 against debt repayment obligations of ₹0.40 crore, providing some cushion.

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	Other Agricultural Products

Annapurna Agro Industries LLP (AAI), incorporated in July 2016, is engaged in the milling and processing of rice. The firm operates with an enhanced installed capacity of 48 MTPH and has a storage capacity of 2,000 MT across three warehouses. Its facilities are located in Mirzapur, Uttar Pradesh, a major paddy cultivation hub, ensuring easy raw material availability. The product portfolio comprises rice, paddy, rice bran, husk, and allied trading activities, with sales spread across Uttar Pradesh, Bihar, Delhi, Haryana, Odisha, Jharkhand, and Nepal. The firm is promoted by Mr. Shambhunath Tiwari, who has over 15 years of experience in the rice industry.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	108.06	107.36	136.99
PBILDT	5.02	6.89	8.35
PAT	1.35	1.38	1.64
Overall gearing (times)	5.47	5.95	4.78
Interest coverage (times)	2.54	2.18	2.03

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-Term Loan	-	-	-	September, 2027	5.31	CARE BB-; Stable
Fund-based - LT-Working Capital Limits	-	-	-	-	37.69	CARE BB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	7.00	CARE BB-; Stable / 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-Term Loan	LT	-	-	-	-	-	1)Withdrawn (13-Dec-22)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (13-Dec-22)
3	Fund-based - ST-Bank Overdraft	ST	-	-	-	-	-	1)Withdrawn (13-Dec-22)
4	Fund-based - LT-Working Capital Limits	LT	37.69	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Oct-24)	-	-
5	Fund-based - LT-Term Loan	LT	5.31	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Oct-24)	-	-
6	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	7.00	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (03-Oct-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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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