

Pragya Rice Mill

November 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	35.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Pragya Rice Mill (PRM) considers the firm's modest operational performance, weak financial risk profile, and working capital intensive operations due to the seasonality of the rice milling business. The rating is also constrained by PRM's exposure to the inherent risk associated with a partnership firm, susceptibility to fluctuation in raw material prices and vagaries of nature, and fragmented industry with high level of government regulation.

However, the rating derives comfort from experienced partners with a long track record of operations and a favourable manufacturing location of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations of above ₹125.00 crore along with improvement in profitability margins as marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of above 5.00% on a sustained basis.
- Strengthening of partner's capital base leading to improvement in the capital structure and liquidity position of the firm on a sustained basis.

Negative factors

- Any large capital withdrawal or a significant increase in the working capital intensity, leading to a tightened liquidity position.
- Significant decline in the firm's scale of operations or profitability margins as marked by PBILDT margin of below 2.00% on a sustained basis.
- Further elongation in the operating cycle of the firm beyond 150 days on a sustained basis, with adverse impact on liquidity position.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited (CareEdge Ratings') opinion that the firm is likely to sustain its operational performance considering the extensive experience of partners.

Detailed description of key rating drivers:

Key weaknesses

Modest operational performance: PRM's scale of operations stood modest as the firm reported total operating income (TOI) of ₹111.50 crore in FY25 (FY refers to April 1 to March 31; based on provisional results) against ₹120.00 crore in FY24. The marginal dip in FY25 was mainly due to decline in sales volume, following a surge in paddy prices caused by extreme climatic conditions. As the scale remains modest, it limits the firm's financial flexibility in times of stress and deprives it of scale benefits. The firm's profitability margins stood thin for the last three financial years (FY23-FY25) due to limited value addition and its presence in the highly fragmented and competitive industry. However, PBILDT margin improved to 4.52% in FY25 from 4.08% in FY24 due to upliftment of ban on exports of non-basmati white rice from latter half of FY25, which generally fetches better margins compared to domestic sales.

Weak financial risk profile: The firm's net worth base is low at ₹10.30 crore as on March 31, 2025, due to thin profit margins and some instances of fund withdrawals by the partners in the past. The firm's capital structure stood leveraged primarily considering high reliance on working capital borrowings for funding inventory of agri-commodity with an overall

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

gearing of 3.52x as on March 31, 2025. Due to low profitability, debt coverage metrics are weak as marked by interest coverage ratio and total debt to gross cash accrual (TD/GCA) of 1.65x and 19.89x, respectively, in FY25.

Working capital intensive nature of operations: The firm's operating cycle remains working capital intensive as marked by operating cycle of 129 days for FY25. Being in the rice milling business, the firm is required to build up adequate raw material inventory in the peak paddy procurement season (November to January) for smooth running of its production processes throughout the year. The firm is also required to maintain adequate inventory of finished goods to ensure prompt delivery to its customers resulting in an average inventory holding period of ~150 days for FY25. Being present in a highly competitive industry, the firm normally extends credit period of around a month to its export customers. On the other hand, the procurement of paddy is done mainly on cash basis as soon as it is purchased. It gets credit period of around a month from few suppliers.

Exposed to inherent risk associated with partnership firm: As a partnership firm, PRM is subject to certain inherent risks, such as the potential for dissolution in cases of a partner's retirement, insolvency, or passing, and the possibility of capital withdrawals due to personal financial needs. Partnership firms have restricted access to external borrowing as credit worthiness of partners would be key factors affecting credit decision for the lenders.

Susceptibility to fluctuation in raw material prices and vagaries of nature: PRM generates its revenue from processing of rice, prices of which have exhibited fluctuating trend in past and depends on demand-supply scenario prevailing in the market with strong linkage to the global production yield and vagaries of weather. Hence, the firm's profitability is exposed to adverse movement in prices of agricultural commodities. Agro-based industry is characterised by its seasonality, due to its dependence on raw materials whose availability is affected directly by the vagaries of nature. The price of rice moves in tandem with the prices of paddy. Availability and prices of agro commodities highly depend on the climatic conditions. Monsoon has a huge bearing on crop availability, which determines the prevailing paddy prices. Since there is a time lag between raw material procurement and liquidation of inventory, PRM is exposed to the risk of adverse price movement resulting in lower realisation than expected. Any sudden spurt in raw material prices may not be passed on to customers completely owing to firm's presence in highly competitive industry may adversely affect the firm's profitability.

Fragmented and competitive nature of the industry and high level of government regulation: The commodity product makes the industry highly fragmented, with numerous players operating in the unorganised sector and less product differentiation. There are small scale operators that are not engaged in end-to-end processing of rice from paddy, instead, they only complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing. Concentration of rice millers around the paddy-growing regions makes the business intensely competitive and limits the pricing flexibility of the industry participants. The raw material (paddy) prices are regulated by the government to safeguard the interest of farmers, which limits the bargaining power of rice mills over the farmers. The prices for finished products are market determined, while the raw material cost is fixed by the Government of India through the minimum support price (MSP) mechanism, restricting pricing flexibility and rendering profitability margins vulnerable, especially in times of high paddy cultivation. Due to high competition and government regulations, profitability margins tend to remain on the lower side in the industry.

Key strengths

Experienced partners and long track record of operations: PRM is a family-run business, with partners, Suresh Gupta and Manju Shree, collectively looking after the overall operations. Suresh Gupta is a graduate and holds over two decades of vast experience in rice milling business. He is well supported by Manju Shree in managing day-to-day operations. The firm has been operating in rice milling business for around a decade, which has helped establish long-term relationships with suppliers and customers and is likely to benefit further in the long-run.

Favourable manufacturing location of operations: PRM is mainly engaged in milling, processing, and sale of rice. The firm's processing facility is situated in Uttar Pradesh, which is the second-largest paddy-producing state in India, enabling access to primary raw materials at effective prices and resulting in lower logistic costs (transportation and storage). PRM has developed strong business relations with suppliers, facilitating easy procurement of raw materials.

Liquidity: Stretched

Liquidity position of the firm is stretched characterised by an elongated inventory holding period, which led to high average utilisation of its working capital limits of ~87% in the last 12 month ending September 2025. Additionally, the firm has tightly matched accruals against its repayment obligations, where the firm has reported GCA of ₹1.82 crore in FY25 and is expected to

generate envisaged GCA of ₹2.00 crore in FY26 against repayment obligations of ₹1.75 crore in the same year, with no major capex plan in near term. The firm's ability to manage its working capital cycle and timely infusion of funds by the partners will be key determinants of its liquidity position. The firm's liquidity would remain exposed to the risk of capital withdrawal, given the partnership nature of the firm.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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

Raebareli, Uttar Pradesh based PRM was established in June 2013 as a partnership firm and started its commercial operations in March 2014. The firm is currently being managed by Suresh Gupta and Manju Shree, sharing profits and losses in the ratio of 60% and 40%, respectively. The firm is engaged in milling and processing paddy with an installed capacity to process 16 tonnes per hour (TPH) as on March 31, 2025, at its manufacturing facility in Raebareli, Uttar Pradesh. The firm exported ~13% in FY25 of its products, rice, rice bran, and paddy husk, among others, to countries, such as Nepal, Qatar, and Dubai, among others, and the balance is sold to export houses and wholesalers domestically through brokers/commission agents.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)	H1FY26 (Prov.)*
Total operating income	120.00	111.50	55.21
PBILDT	4.90	5.04	NA
PAT	0.72	0.69	NA
Overall gearing (times)	4.23	3.52	NA
Interest coverage (times)	1.47	1.65	NA

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

*refers to April 1, 2025 to September 30, 2025.

Status of non-cooperation with previous CRA: CRISIL Ratings has migrated ratings assigned to bank facilities of PRM to the "Issuer Not-Cooperating" category vide its press release dated March 10, 2025, considering its inability to carryout review in the absence of requisite information from the firm.

ICRA Ratings has continued to place ratings assigned to bank facilities of PRM to the "Issuer Not-Cooperating" category vide its press release dated February 19, 2025, considering its inability to carryout review in the absence of requisite information from the firm.

Brickwork Ratings has continued to place ratings assigned to bank facilities of PRM to the "Issuer Not-Cooperating" category vide its press release dated March 10, 2025, considering its inability to carryout review in the absence of requisite information from the firm.

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	-	-	-	-	28.00	CARE BB-; Stable
Fund-based - LT-Proposed fund based limits	-	-	-	-	3.94	CARE BB-; Stable
Fund-based - LT-Term Loan	-	-	-	August, 2030	3.06	CARE BB-; Stable

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	3.06	CARE BB-; Stable				
2	Fund-based - LT-Cash Credit	LT	28.00	CARE BB-; Stable				
3	Fund-based - LT-Proposed fund based limits	LT	3.94	CARE BB-; Stable				

LT: Long 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

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.

Contact us

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