

July 21, 2025

## Majestic Basmati Rice Private Limited: [ICRA]BBB-/[ICRA]A3; assigned

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Others-Fund Based	66.00	[ICRA]BBB- (Stable); assigned
Short Term-Others-Fund Based	61.50	[ICRA]A3; assigned
Long Term-Term Loan-Fund Based	6.00	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>133.50</b>	

### Rationale

The assigned ratings factor in favourably the extensive experience of the company's promoters of more than two decades in the food processing industry, which aided Majestic Basmati Rice Private Limited (MBRPL) to gradually increase its scale of operations in the rice milling business over the years. The firm enjoys considerable location specific advantages due to its presence in a major rice growing area of Madhya Pradesh, which results in easy availability of paddy. The ratings also factor in favourable demand prospects of rice as India is the second largest producer and consumer of rice. The assigned ratings consider the company's average-sized scale of operations (operating income [OI] of Rs. 310 crore in FY2025) and comfortable debt coverage indicators with an interest coverage of 4.3 times in FY2025.

The ratings, however, remain constrained by the moderate profit margins inherent to the rice milling business. Moreover, the firm's operations are highly working capital intensive, resulting in moderately high utilisation of working capital limits despite enhancement over the years. The firm's moderate financial profile is characterised by Total Debt/OPBDITA of 7.8 times and TOL/TNW of 2.5 times in FY2025. ICRA notes that there continues to be intense competition in the rice industry amid several small-scale players, which limits the pricing flexibility of industry participants. The firm remains exposed to high product concentration as rice accounts for the major portion of sales, along with high geographical concentration with around 60% of rice sales taking place in the European region. Further, its operations are susceptible to raw material availability, the quality and pricing of which depend on climatic conditions and the Government's regulations. Notwithstanding these risks, steady performance of the entity over the past few years provides comfort.

ICRA notes that the company plans to enhance its manufacturing capabilities and is looking to acquire a rice mill in the northern region. Materialisation of the acquisition plans and the funding pattern would be closely monitored.

The Stable outlook on the long-term rating reflects ICRA's opinion that the entity will continue to benefit from its extensive track record of operations and healthy demand prospects for rice, which would help it generate steady cash accruals and maintain its credit metrics.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters with established track record in agro industry** – The company has been operational since 2015 and is involved in rice milling at its facility at Mandideep, Madhya Pradesh. The promoters have extensive experience in the food industry, which enabled development of strong and long relationships with overseas customers.

**Presence in major rice growing area results in easy availability of paddy** – The firm’s milling unit at located in Mandideep, Madhya Pradesh, a major paddy-growing region, ensuring easy and consistent availability of raw materials. The demand outlook for rice, a staple food grain, remains favourable, and is likely to support a steady growth in its scale of operations.

### Credit challenges

**Exposure to intense competition along with product and geographical concentration risks** – The rice industry is highly fragmented, resulting in intense competition and limited pricing flexibility for participants, which in turn keeps profitability modest. Additionally, the entity faces product concentration risk, with the major portion of its revenue derived from rice, and geographical concentration risks, as approximately 60% of its export sales is directed to the European market.

**Exposed to agro-climatic risks, demand trends in key export markets, forex rates and changes in Government regulations** – Rice milling is inherently vulnerable to agro-climatic risks, which can affect paddy availability during adverse weather conditions. Additionally, changes in Government regulations, such as export policies or revisions in the Minimum Support Price (MSP) for paddy, can significantly influence industry dynamics. Its profitability also remains exposed to demand fluctuations in key importing countries and foreign exchange rate volatility.

**Working capital intensive operations** – The company’s operations remain working capital intensive, primarily due to high inventory holding, as reflected by a Net Working Capital to Operating Income (NWC/OI) ratio of 59.7% in FY2025. The same was higher than FY2024 (NWC/OI of 42% in FY2024), with the company opting to procure higher quantity of paddy, given the muted procurement price. This elevated working capital requirement contributes to the company’s high debt level.

### Liquidity position: Adequate

The entity’s liquidity position is adequate, characterised by an average buffer of Rs. 26 crore in its fund-based working capital limits in past 12 months ended in May 2025. ICRA expects the company’s fund flow from operations to be adequate to fund its debt repayments (Rs. 0.7 crore in FY2026) as well as margin money requirements for its working capital and capex plans. The funding pattern of any inorganic growth plans will be closely monitored.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a healthy increase in the company’s scale of operations and profitability, leading to an improvement in the company’s liquidity position and debt protection metrics on a sustained basis.

**Negative factors** – The ratings could be downgraded if pressure on revenues and profitability, and/or a stretch in the working capital cycle or large debt-funded capex/acquisition results in weakening of debt coverage metrics. Interest coverage of less than 3 times on a sustained basis would be a negative trigger.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rice Mills</a>
Parent/Group support	None
Consolidation/Standalone	The ratings are based on the standalone financials of the company.

## About the company

Majestic Basmati Rice Pvt. Ltd., incorporated in 2010, is owned and managed by Mr. Vigyan Lodha. The company specialises in milling and processing premium quality rice, marketed under its flagship brand, Dilnoor. Located in Madhya Pradesh, the company operates a facility with an installed annual capacity of 39,000 metric tonnes.

### Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	301.8	310.9
PAT	10.1	11.0
OPBDIT/OI	6.5%	6.3%
PAT/OI	3.3%	3.5%
Total outside liabilities/Tangible net worth (times)	2.4	2.5
Total debt/OPBDIT (times)	5.6	7.8
Interest coverage (times)	5.7	4.3

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. Crore; \*Provisional financials

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

Any other information: None

### Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	21-Jul-25	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long Term- Others-Fund Based	Long Term	66.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-	-	-
Long Term- Term Loan- Fund Based	Long Term	6.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-	-	-
Short Term- Others-Fund Based	Short Term	61.50	[ICRA]A3	-	-	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Others-Fund Based	Simple
Short Term-Others-Fund Based	Simple
Long Term-Term Loan-Fund Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term- Others-Fund Based	NA	NA	NA	66.00	[ICRA]BBB- (Stable)
NA	Short Term- Others-Fund Based	NA	NA	NA	61.50	[ICRA]A3
NA	Long Term-Term Loan-Fund Based	FY2025	NA	FY2030	6.00	[ICRA]BBB- (Stable)

Source: Firm

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis-Not applicable**

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### Branches



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