

October 03, 2025

## Shri Ganesh Agro Foods: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund Based – EPC/CC	170.00	170.00	[ICRA]BB(Stable); reaffirmed
Long-term – Fund Based – Term Loan	2.00	2.00	[ICRA]BB(Stable); reaffirmed
<b>Total</b>	<b>172.00</b>	<b>172.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of the rating continues to take into consideration the extensive experience of the partners of Shri Ganesh Agro Foods (SGAF) in the rice milling industry and the location-specific advantage derived by SGAF from its presence in a major rice-growing area near the rice-producing belt of Karnal, Haryana, resulting in easy availability of raw materials (paddy) as well as milled rice. The rating is supported by the favourable demand prospects of the industry as India is the second largest producer and consumer of rice internationally, which augurs well for the firm.

The rating, however, continues to be constrained by the firm's moderate financial profile, as reflected by a high gearing, weak debt protection metrics with a gearing (Total Debt over Tangible Net Worth) of 7.2 times (estimated), an interest coverage ratio of 1.7 times and Total Debt/ OPBDITA of 8.4 times as on March 31, 2025 (as per provisional financials), and a stretched liquidity position, as reflected in high utilisation of working capital limits in FY2025. Given the limited value addition in the rice milling business, the firm's profitability has remained thin over the years, though some improvement was witnessed in FY2025. The firm's profitability also remains exposed to fluctuations in the prices of raw materials, an intensely competitive industry, characterised by the presence of many players in the organised and unorganised sectors, and risks associated with adverse Government regulations. The firm's operations also remain susceptible to the agro-climatic risks, which impact the availability of paddy in adverse weather conditions. The risks associated with the partnership nature of business, including the risk of capital withdrawal, among others also impact the ratings.

The Stable outlook on the long-term rating reflects ICRA's opinion that SGAF will continue to register a steady revenue growth and stable profits, supported by the extensive experience of its partners in the rice milling industry, presence of the mill in a major rice-growing area and healthy demand for basmati rice in the international market.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of partners in rice milling business** – The partners have been involved in the business of rice milling, processing and sorting for over four decades and have gained a thorough knowledge of the market. Such a long presence in the industry has helped the firm establish strong relationships with its suppliers and customers.

**Presence in a major rice growing area results in easy availability of paddy** – India's long-grain basmati rice is cultivated in Punjab, Haryana, west Uttar Pradesh, Uttarakhand and Himachal Pradesh. The firm's location ensures easy raw material availability from the neighbouring states.

## Credit challenges

**Financial profile characterised by high gearing and weak debt coverage indicators** – The firm’s capital structure had remained adverse over the years, and its gearing (Total Debt over Tangible Net Worth) stood high at around 7.2 times as on March 31, 2025 (estimated). Low profitability and a high gearing result in weak debt coverage indicators, as reflected by an interest coverage ratio of 1.7 times and Total Debt/OPBDITA of 8.4 times as on March 31, 2025 (provisional). ICRA expects the debt coverage metrics to remain weak with an interest coverage ratio of 1.5-1.7 times and Total Debt/OPBDITA of 8.2-8.7 times in the near term.

**Working capital intensive nature of operations and stretched liquidity** – The firm’s working capital intensity remains high on account of its large inventory, which includes paddy as well as processed rice. The firm’s utilisation of its bank limits generally stands at around 88% with a limited buffer for emergencies. Further, with limited cash accruals and nominal free cash and balances, the liquidity of the firm remains stretched. However, ICRA expects the partners to provide regular need-based support in the form of unsecured loans with flexible repayment terms.

**Intense competition in the industry leads to low profitability** – The rice industry is very competitive and fragmented in nature due to the presence of established players as well as numerous small players in the unorganised sector. Given the low capex and lack of technical complexity of the work, the entry barriers have remained low, resulting in the entry of many small-to-medium scale enterprises. The firm registered a decline of around 13% with revenues of Rs. 586.4 crore in FY2025 (provisional) from Rs. 675.9 crore in FY2024. However, the firm’s operating profit margin (OPM) improved to some extent to 3.9% (provisional) in FY2025 (1.6% in FY2024) owing to better realisations from the export market. The OPM remains thin due to limited value addition and an intensely competitive industry, which limits its scope of margin expansion.

**Susceptibility to agro-climatic and regulatory changes** – The rice milling industry is susceptible to agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. It is exposed to Government policies such as minimum support price (MSP) affecting the raw material prices and export regulations affecting business and profitability. Any major change in Government regulations pertaining to the rice industry can impact the industry dynamics.

**Risks related to partnership nature of the firm** – SGAF is exposed to the risks related to a partnership firm, including the capital withdrawal risk. However, no capital withdrawal has been observed in the past three years.

## Liquidity position: Stretched

The liquidity of the firm is stretched on account of limited cash accruals on the back of thin profit margins and nominal free balances maintained by the firm. The cash flow from operations has remained negative in FY2025 and is expected to remain in the negative zone in FY2026 as well. Moreover, the average utilisation of the firm’s bank limits has remained at around 88% in FY2025. The firm does not have any significant long-term debt or capex plan in the near-to-medium term. As per ICRA’s estimates, stable cash accruals of the firm in future and need-based support, in the form of unsecured loans or capital from the partners, would be critical in meeting any cash flow mismatch.

## Rating sensitivities

**Positive factors** – ICRA could upgrade SGAF’s rating if the firm demonstrates a significant increase in its revenue and profitability, leading to an improvement in its debt protection metrics and liquidity along with strengthening of its net worth on a sustained basis.

**Negative factors** – Pressure on SGAF’s rating could arise if there is any sharp decline in revenues and profitability, resulting in a deterioration in its debt coverage metrics. Further, any significant stretch in the working capital cycle, unanticipated large debt-funded capex or capital withdrawal, deteriorating the firm’s liquidity, could also result in a rating downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rice Mills</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Incorporated in 2011, Shri Ganesh Agro Foods is involved in milling, processing and sorting of basmati and non-basmati rice, which is majorly (more than 60%) exported. The company's plant at Karnal has a milling capacity of 400 MT per day (1,20,000 MTPA) and a sorting capacity (with three separate sortex units) of 500 MT per day (1,50,000 MTPA). The firm installed two sortex units with an additional sorting capacity of 250 MTPD (75,000 MTPA) in February 2025. The firm's business is mostly (more than 80%) contributed by basmati rice in export as well as in the domestic market. A major part of the exports is made to the UAE and Saudi Arabia and the remaining to European countries. In the domestic market, the firm sells only basmati rice to reputed basmati rice retailers and grocery chains.

## Key financial indicators (audited)

Shri Ganesh Agro Foods	FY2023	FY2024	FY2025*
Operating income	655.3	675.9	586.4
PAT	4.5	5.3	-
OPBDIT/OI	1.9%	1.6%	3.9%
PAT/OI	0.7%	0.8%	-
Total outside liabilities/Tangible net worth (times)	10.6	8.1	-
Total debt/OPBDIT (times)	9.7	15.0	8.4
Interest coverage (times)	2.3	1.3	1.7

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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

## Any other information: None

## Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2026)		Chronology of rating history for the past 3 years		
			Oct 03, 2025	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
				Oct 22, 2024	Jul 17, 2023	Jul 07, 2023	Nov 29, 2022
1 Fund-based – EPC/CC	Long-term	170.00	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
2 Fund-based – Term Loan	Long-term	2.00	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
3 Fund-based – Cash Credit	Long-term	0.00	-	-	[ICRA]BB (Stable)	-	-
4 Unallocated	Long-term	-	-	-	-	[ICRA]BB (Stable)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – EPC/CC	Simple
Long-term – Fund-based – Term Loan	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	Fund Based – EPC/CC	NA	9.00%	NA	170.00	[ICRA]BB (Stable)
NA	Fund Based – Term Loan	FY2022	9.00%	FY2026	2.00	[ICRA]BB (Stable)

Source: Company

[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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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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