

Rating Rationale

30 June 2025

Maheshwari Agro

Brickwork Ratings Withdraws the rating for the Bank Loan Facilities of Rs. 9.40 Crs. and assigns the long-term & Short-term Ratings of “BWR BB-/Stable/BWR A4” for the bank loan facilities of Rs. 28.89 Cr. of Maheshwari Agro.

Particulars:

Instruments / Facilities**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (05 Dec 2024)	Present
Fund based	9.40	-	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	Withdrawal
	-	23.50	Long Term	-	BWR BB-/Stable (Assignment)
	-	5.00		-	
	-	(8.50)		-	
	-	0.39		-	
	-	(8.50)	Short Term	-	BWR A4 (Assignment)
Total	9.40	28.89	Rupees Twenty Eight Crore & Eighty Nine Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings Withdraws the rating for the Bank Loan Facilities of Rs. 9.40 Crs. and assigns the long-term & Short-term Ratings of “BWR BB-/Stable/BWR A4” for the bank loan facilities of Rs. 28.89 Cr. of Maheshwari Agro.

The Rating has factored, inter alia, the experienced management with long track record of operations, well-established customer and supplier portfolio with healthy order book position and Improvement in scale of operations. However, the rating is constrained by thin profitability margins, weak debt protection metrics, High Gearing and Constitution Risk. Going forward, the ability of the firm to Improve their operational scale, profitability, strengthen liquidity and credit profile would be the key rating sensitivities.

The rating outlook has been assigned as "Stable" as BWR believes that Maheshwari Agro., business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

KEY RATING DRIVERS

Credit Strengths:-

- **Experienced Management :** The firm is owned and managed by Mr. Dilip Jashroopdas Rathi and Mr. Ghansham Abheman Maheshwari, who are equal partners. Both partners have extensive experience in the agro-product processing business and each holds a 50% ownership stake in the firm. Their deep industry knowledge & extensive experience has contributed significantly to achieving high customer satisfaction, building strong relationships with suppliers, satisfactory operational track record and long-standing market presence of the firm.
- **Growth in scale of operations :** The operating performance has significantly improved, as reflected by an increase in operating income from Rs. 186.77 Cr in FY2024 to Rs. 317.05 Cr in FY2025 with a CAGR of 69.75% in traded sales during FY2023–FY2025. The increase in operating income has eventually contributed to an increase in operating profit from Rs. 2.10 Cr. in FY2024 to Rs. 4.90 Cr in FY2025.

Credit Risks:-

- **Thin profitability margins resulting in weak debt protection metrics :** Firm's profit margins remain low, with an operating margin of 1.13% in FY2024 and 1.54% in provisional FY2025, primarily due to high operating cost. This has resulted in weak debt protection metrics, as reflected by an ISCR of 1.63 times in FY2024 and 1.81 times in provisional FY2025, and a DSCR of 1.089 times in FY2024 and 1.28 times in provisional FY2025.
- **High Gearing:** The firm had Total Debt/TNW of 8.61 times in FY2024 which has improved to 5.25 times in provisional FY2025, but still remains on the higher side indicating firms dependence on borrowings.
- **Constitution Risk :** Since it is a Partnership firm, Withdrawal of capital by the Partners for any personal contingency would adversely affect the capital structure of the firm.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has considered the standalone performance of Maheshwari Agro. BWR has applied its rating methodology.

RATING SENSITIVITIES

Going forward, the ability of the firm to Improve their operational scale, profitability, strengthen liquidity and credit profile would be the key rating sensitivities.

Positive:

- The rating may be upgraded if revenues increase significantly by approximately 20%, accompanied by profitability percentage (nett Profit) of min 3% of revenue and a strengthened liquidity profile
- Improvement in Total debt/TNW to less than 3 times and Significant improvement in the debt protection metrics.
- The TNW should be more than the TNW reported in FY2023.

Negative:

- The ratings could be downgraded if there is a decline in the business and financial risk profile, specifically due to a ~10% decrease in revenue and a ~20% reduction in profitability.
- Increase in the overall gearing and further weakening of the debt protection metrics.

LIQUIDITY INDICATORS - Stretched

The firm's liquidity position is considered Stretched, owing to more than 80% utilization of working capital limits, low Cash and Cash Equivalents of Rs. 0.33 Cr. in FY2024 which later decreased to Rs. 0.14 Cr. in provisional FY2025 & weak debt protection metrics reflected from an ISCR of 0.94 times in FY2024 & 1.63 times in provisional FY2025, DSCR of 1.09 times in FY2024 & 1.28 times in provisional FY2025.

Considering all these factors, the liquidity position is assessed as "Stretched".

COMPANY's / FIRM' PROFILE

Maheshwari Agro, is a Partnership firm incorporated in August-2009 for carrying out the activity of trading & processing of wheat and rice. Firm's registered office and factory is situated at Bavla, (District: Ahmedabad) , Gujarat. The firm is promoted and managed by Mr. Ghanshyam Rathi & Mr. Dilip Rathi. The firm sells products across India and started exporting through merchants in FY19. Nett cash accruals was also reported to be low at 0.71 crs as per audited FY24.

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 22 - 23	FY 23 - 24	FY 24 - 25*
Result Type		Audited	Audited	provisional
Operating Revenue	Rs.Crs.	472.21	186.77	317.05
EBITDA	Rs.Crs.	-0.10	2.10	4.90
PAT	Rs.Crs.	1.75	0.25	1.05
Tangible Net Worth	Rs.Crs.	8.64	5.02	7.36
Total Debt / Tangible Net Worth	Times	4.58	8.61	5.25
Current Ratio	Times	1.31	1.75	1.48

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

Credit Rating Agency	Status and Reason for Non-Cooperation	Date of Press Release
CARE	CARE Rating vide its press release dated 11Mar2025 has reaffirmed the long-term & short-term ratings at “CARE B-/Stable/CARE A4” and continued the ratings under the ‘Issuer Not Cooperating’ category.	11 Mar 2025

ANY OTHER INFORMATION:

NONE

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Facilities	Current Rating (2025)			2024		2023		2022	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	0.00	Withdrawn	05Dec 2024	BWR C (Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed)	05Dec 2023	BWR C (Continues to be in ISSUER NOT COOPERATING* category/ Downgraded)	08 Nov 2022	BWR B-Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)
Fund Based	LT	28.89	BWR BB-/Stable (Assignment)	-	-	-	-	-	-
Fund Based	ST	(8.50)	BWR A4 (Assignment)	-	-	-	-	-	-

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Short Term Debt](#)
- [Manufacturing Company](#)
- [BWR Withdrawal Policy](#)

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**Maheshwari Agro
ANNEXURE I**

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total Rs.Crs.	Complexity of the instrument*
1	Bank of Baroda	Cash Credit	0.00	-	0.00	Simple##
2	Union Bank of India	Cash Credit- Sanctioned Bill Discounting (BD) - Sublimit Export Packing Credit (EPC) - Sublimit	23.50 - (8.50)	 (8.50) -	23.50	Simple##
3	Union Bank of India	Adhoc Limit - Sanctioned	5.00	-	5.00	Simple##
5	Union Bank of India	Working Capital Term Loan - Outstanding	0.39	-	0.39	Simple##
TOTAL			28.89	-	28.89	
Rupees Twenty Eight Crore and Eighty Nine Lakhs Only.						

*For more information visit: www.brickworkratings.com/download/ComplexityLevels.pdf

**ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS
NIL**

**ANNEXURE III
List of entities consolidated
NIL**



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