Press Release
KRISHNA TUNGA AGRO INDUSTRIES
December 05, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.65	ACUITE B+ | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	16.65	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to **'ACUITE B+' (read as ACUITE B Plus)** from '**ACUITE B' (read as ACUITE B)** on Rs. 16.65 crore bank facilities of Krishna Tunga Agro Industries (KTAL). The Outlook is **"Stable"**.
The firm has provided information, leading to transition from Issuer Not Co-operating (INC since Dec'2020) to a regular issuer.

Rationale for upgrade:
The rating upgrade factors in the partners' extensive experience of over two decades in the same line of industry and their ability to maintain stable revenues despite temporary setbacks in FY24 and FY25 due to restrictions on exporting of non-basmati rice by Government of India, which indirectly impacted operations as the firm sells to local traders in Karnataka, Tamil Nadu, Gujarat, etc. The firm has already achieved Rs.36.89 crore revenue in 8MFY26, indicating healthy topline growth prospects in the medium term. While the financial risk profile remains below average, it is expected to improve with the absence of long-term borrowings. Working capital requirements, though intensive, have shown improvement, primarily due to better inventory management despite the seasonal nature of paddy procurement. Acuité believes operating performance will strengthen; however, improvement in profitability, effective working capital management, and overall financial risk profile will remain key monitorable.

About the Company

Krishna Tunga Agro Industries (KTAI), established in 2013, is a Raichur-based partnership firm engaged in procurement and processing of paddy into non-basmati rice. The partners bring over two decades of experience in agriculture, supporting the firm's operations. It operates a processing plant with an installed capacity of 8 tons per hour and caters to markets in Karnataka, Tamil Nadu, Gujarat, and Maharashtra, focusing on a variety of non-basmati rice products.

Unsupported Rating
Not Applicable.

Analytical Approach

Acuite has taken standalone approach to arrive this rating of Krishna Tunga Agro Industries(KTAI).

Key Rating Drivers

Strengths

Benifitted from Experianced Management:
KTAI, established in 2013 by Mr. B. Prasad and other partners, benefits from the promoters' strong agricultural background and over two decades of experience in the sector. Their local presence and strong customer network have supported revenue growth and business stability. Acuité believes that KTAI is well-positioned to leverage its proximity to paddy-growing regions and rice mundis, along with the promoters' experience and network, to strengthen its business risk profile over the medium term.

Improvement in Operating Performance with variability in margin:
The firm reported revenue of Rs.38.38 crore in FY2025 compared toRs.36.85 crore in FY2024 with lower sales volumes in FY24 and FY25 due to the government's export ban on non-basmati rice, which indirectly impacted revenue as the firm sells to local traders in Karnataka, Tamil Nadu, Gujarat, etc. Following the lifting of the ban in October 2024, demand has revived, enabling the firm to achieve Rs.36.89 crore revenue in the first eight months of FY2026, indicating healthy growth prospects. However, EBITDA margin declined to 4.94% in FY2025 from 5.31% in FY2024, primarily due to higher freight and fixed costs, while PAT margin remained stable at 0.48% in FY2025 against 0.47% in FY2024. Acuité believes that the firm's operating performance will improve over the medium term; however, sustaining profitability, managing costs, and maintaining revenue growth will remain key monitorable.

Weaknesses

Below Average Financial Risk Profile:
The firm's financial risk profile remains below average, characterized by high gearing, moderate TOL/TNW, and below average debt protection metrics. Net worth improved marginally to Rs.6.60 crore in FY25 from Rs.6.39 crore in FY24, while total borrowings declined to Rs.13.22 crore in FY 25 from Rs.19.76 crore in FY 24 , leading to an improved gearing ratio of 2.00 times in FY 25 against 3.09 times in FY 24. Total debt structure of FY 25 comprises of USL of Rs. 1.96 crore from partners and related party, short term debt of Rs.11.04 crore and CPLTD of Rs. 0.21 crore. Debt protection indicators, though slightly better, continue to be below average with ICR at 1.43 times and DSCR at 0.94 times in FY25 compared to 1.41 times and 0.87 times in FY24. Despite improvement, leverage indicators such as TOL/TNW at 2.04 times and debt/EBITDA at 6.92 times remain high in FY 25, though better than FY24 levels of 3.12 times and 9.69 times respectively. Acuite believes the financial risk profile will strengthen gradually, supported by the absence of any debt-funded capex plans.

Intensive Working Capital Management with marginal improvement:
The firm's working capital management is intensive however shown improvement, with GCA days reducing to 171 days in FY25 from 238 days in FY24, largely driven by a decline in inventory days to 134 days in FY 25 from 226 days in FY 24. Inventory levels remain high due to the seasonal nature of paddy procurement, as the company procures huge number of raw materials in the during November-December and March to May season. Secondly, as they deal in Sona masuri premium quality rice, they have to procure and keep in store the paddy for ageing, to demand premium pricing. Debtor days increased to 39 days in FY25 from 21 days in FY24, reflecting the average credit period of 45–60 days extended to customers, while creditor days stayed at just 1 days in both years since raw materials are procured i from farmers and local mandis on immediate payment basis. Acuite believes that the firm's working capital intensity to persist at similar levels in the medium term, given the structural nature of its procurement and product requirements.

Rating Sensitivities

1. Movement in topline and profitability
2. Working Capital Management

Liquidity Position
Stretched

The Firm's liquidity marked stretched on account of net cash accrual stood at Rs.0.49 crore as against debt obligation of Rs.0.60 crore for the same period. The shortfall receivables managment. The Current ratio stood at 1.56 times in FY 25 as compared to 1.52 times in FY 24. Average fund based Bank loan Utilization limit stood at 86% for six months ending Oct'25. Acuite believes that liquidity of the firm will likely to improve in the medium term on account of absence of any long-term borrowing. The cash and bank balances stood at Rs.0.04 crore in FY 2025.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	38.38	36.85
PAT	Rs. Cr.	0.18	0.17
PAT Margin	(%)	0.48	0.47
Total Debt/Tangible Net Worth	Times	2.00	3.09
PBDIT/Interest	Times	1.43	1.41

Status of non-cooperation with previous CRA (if applicable)
Not Applicable.

Any other information
None.

Applicable Criteria
• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument
In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Sep 2024	Term Loan	Long Term	1.15	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
	Cash Credit	Long Term	10.10	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
	Cash Credit	Long Term	5.40	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
14 Jun 2023	Term Loan	Long Term	1.15	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	10.10	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
28 Mar 2022	Term Loan	Long Term	1.15	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	10.10	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
AXIS BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE B+ | Stable | Upgraded (from ACUITE B)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.58	Simple	ACUITE B+ | Stable | Upgraded (from ACUITE B)
AXIS BANK LIMITED	Not avl. / Not appl.	Working Capital Term Loan	13 Aug 2025	Not avl. / Not appl.	13 Jan 2026	0.07	Simple	ACUITE B+ | Stable | Upgraded (from ACUITE B)

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