

K.P.R.M Ramasswami Dhal Trading Company

January 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.28 (Enhanced from 9.90)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of K.P.R.M Ramasswami Dhal Trading Company (KPRM) continues to be constrained by partnership nature of constitution, moderate capital structure, seasonality risk and presence in highly fragmented and competitive industry. However, the ratings derive comfort from the extensive experience of the promoters in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in scale of operations above ₹150.00 crores and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 5%.
- Improvement in debt protection metrics with Total debt/ Gross Cash Accruals (GCA) below 4.00x.

Negative factors

- Any debt funded capex or significant withdrawal of capital leading to deterioration in overall gearing above 2.00x.
- Deterioration in liquidity indicators or elongation of working capital cycle on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the firm is expected to sustain its operational performance with a reputed and diversified clientele base and continue to leverage from experienced promoters.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure

The capital structure of the firm is moderate marked by overall gearing of 1.54x as on March 31, 2024 (PY: 1.11x). This increase in gearing is attributed to capital withdrawals and the infusion of additional unsecured loans from the promoters.

Presence in highly fragmented and competitive industry

The firm operates in a highly competitive and fragmented industry, facing intense competition from both organized and unorganized players. This fragmented and highly competitive industry results in price competition thereby affecting the profitability margins of the companies operating in the industry.

Partnership nature of Constitution with inherent risk of withdrawal of capital

Operating as a partnership carries the inherent risk of capital withdrawal during personal contingencies, which can negatively impact the firm's capital structure. In FY24, the partners withdrew ₹3.30 crore and subsequently infused funds in the form of unsecured loans.

Key strengths

Extensive experience of the promoters

The managing partner, K. P. R. M. Ramasswamy, has nearly three decades of experience in the agro industry. Before founding KPRM, he was involved in the same business under different entity names since 1990. His long-standing presence in the market has enabled the firm to build strong relationships with suppliers and customers, resulting in an established customer base and facilitating regular orders from existing clients.

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

Improving scale of operations

The scale of operations of the firm have grown at a CAGR of 20% over the past 5 years reaching to ₹132.05 crore in FY24 with PBILDT margin of 5.47% aided by increase in sales volume. In 9m FY25 the firm has reported income of ₹144.21 crore.

Liquidity: Stretched

The liquidity of the firm is stretched marked by moderate cash accruals of ₹6.10 crore in FY24 and low cash balance of ₹0.23 crore as on March 31, 2024. Owing to seasonality associated with agro products and for meeting out the demand from the customers, the firm maintains enough stock in hand. The average working capital utilization of the firm stood moderate at 70% for the 12-month ended period ended December 2024. The current ratio also stood moderate at 1.00x as on March 31, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on Default Recognition](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

KPRM founded in Salem in 2014 by K. P. R. M. Ramasamy is a partnership firm specializing in the wholesale and retail trade of pulses, primarily black gram. Operations began in February 2017. KPRM purchases and sells processed black gram, leveraging the experience of its two associated concerns active in the pulse trade since 1990. The firm boasts a strong customer base across Tamil Nadu, Kerala, and Karnataka.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (P)
Total operating income	104.30	132.50	144.21
PBILDT	2.53	7.23	NA
PAT	-3.18	2.20	NA
Overall gearing (times)	1.11	1.54	NA
Interest coverage (times)	2.26	6.07	NA

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

Status of non-cooperation with previous CRA: Not applicable

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		-	-	-	10.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	November-2028	2.28	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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BB+; Stable	-	1)CARE BB+; Stable (12-Jan-24)	1)CARE BB+; Stable (07-Dec-22)	1)CARE BB; Stable (03-Feb-22)
2	Fund-based - LT-Term Loan	LT	2.28	CARE BB+; Stable	-	1)CARE BB+; Stable (12-Jan-24)	-	-

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-Term Loan	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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.

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