

## Sri Chitra Agri Exports

March 27, 2025

| Facilities/Instruments    | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|---------------------------|------------------|---------------------|---------------|
| Long-term bank facilities | 40.00            | CARE BB; Stable     | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in the rating assigned to bank facilities of Sri Chitra Agri Exports (SCAE) factors in decline in scale of operations and profitability, leveraged capital structure and debt coverage metrics, and regulated industry. However, the rating derives comfort from experienced promoters, favourable plant location and adequate liquidity. The rating also factors the firm's financial performance in 9MFY25.

### Rating sensitivities: Factors likely to lead to rating actions.

#### Positive factors

- Improvement in total operating income (TOI) by 25% and operating profitability margin to above 4% on a sustained basis.
- Overall gearing improving to below 1x, going forward.

#### Negative factors

- Significant capital withdrawal on a sustained year-over-year (y-o-y) basis.
- Significant decline in TOI or profit before interest, lease rentals, depreciation, and taxation (PBILDT) by over 20% y-o-y.
- Further deterioration in total outside liability to total net worth (TOL/TNW).

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes the entity will continue to benefit from the extensive experience of the promoters and management in the industry.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Decline in scale of operations and profitability

SCAE is primarily engaged in processing, packing, and exporting non-basmati rice to African and other international markets. Consequently, exports constitute the firm's majority sales. The firm's total operating income (TOI) declined by 13.42% in FY24, falling to ₹264.34 crore from ₹305.32 crore in FY23, due to the ban on broken rice exports and the imposition of a 20% export tariff on non-basmati, non-parboiled rice in September 2022. However, in September 2024, India lifted export restrictions on all rice grades except broken rice, anticipating a bumper crop. Subsequently, on March 07, 2025, the government issued a notification permitting the export of 100% broken rice. The firm reported a TOI of ₹200.76 crore for the first nine months of FY25 (9MFY25) and expects to close FY25 with a TOI of ~₹270 crore. The PBILDT margin has remained stable within the range of 1.20% to 1.75% over the last five years. However, it declined from 1.74% in FY23 to 1.25% in FY24 due to the drop in turnover caused by export barriers. Similarly, the profit after tax (PAT) margin fell from 0.58% in FY23 to 0.30% in FY24.

With the recent removal of export restrictions, the firm anticipates an improvement in turnover and profitability in the near future.

##### Leveraged capital structure and debt coverage metrics

With a higher reliance on debt to fund working capital requirements, the firm's capital structure remained leveraged as indicated by an overall gearing of 2.41x as of March 31, 2024, compared to 2.95x as of March 31, 2023. Improvement in FY24 was due to the repayment of term loans. TOL/TNW stood at 4.11x as on March 31, 2024 (PYE: 5.51x). However, the PBILDT interest coverage ratio improved from 1.34x in FY23 to 1.75x in FY24, driven by a reduction in interest costs following the closure of term loans. Total debt to gross cash accruals (TD/GCA) remained high at 24.81x as on March 31, 2024 (PYE: 16.58x), primarily due to a decline in profit margins in FY24.

The firm's net worth declined from ₹11.23 crore in FY23 to ₹10.10 crore in FY24 due to withdrawal of capital in FY24. ₹45 lakhs was reinfused in the business on March 18, 2025, validated with bank statement, and an additional ₹1 crore is expected to be infused by March 26, 2025. The net worth position as on March 31, 2025, is projected to be an improvement over that of March 31, 2023, and March 31, 2024.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Regulated industry

The price of some agricultural commodities is linked to minimum support price (MSP); revision of MSP by government has a bearing on margins of the agricultural commodities' traders. The price of commodities such as rice is highly vulnerable to export restrictions by the government depending on domestic demand-supply scenario and level of inflation. Thus, adverse change in government policies can affect volumes and margins of the industry players.

### Key strengths

#### Experienced promoters

Sri Chitra Agri Exports (SCAE) is promoted by K Venkata Bhaskara Reddy and Rajeshwari. K Venkata Bhaskara Reddy has over two decades' experience in trading agro based commodities. He has well established contacts in agricultural districts of Andhra Pradesh that are advantageous for the firm's overall business operations. The other partners manage the firm's day-to-day operations and are assisted by a team of experienced professionals.

#### Favourable plant location

The firm's processing plant is in the prime agriculture zone of Andhra Pradesh, which enables it to procure raw materials and process them immediately after harvest. This results in better quality products and lower transportation cost. Due to long term presence in the industry, the firm has established contacts with commission agents, distributors, and farmers. Thus, the firm has the advantage of location as they procure majority raw material requirement from paddy growing areas of Andhra Pradesh.

#### Liquidity: Adequate

The firm's liquidity remains adequate as indicated by a comfortable current ratio, optimal utilisation of working capital limits, and positive cash flows from operations. The average utilisation of the fund-based working capital limit stood at 62.80% for the 12 months ending February 2025. The current ratio remained satisfactory at 1.21x as of March 31, 2024, compared to 1.39x as on March 31, 2023. The firm's cash and bank balance stood at ₹4.33 crore as on March 31, 2024, compared to ₹0.89 crore as of March 31, 2023.

**Assumptions/Covenants:** Not applicable

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

### Applicable criteria

Definition of Default  
Liquidity Analysis of Non-financial sector entities  
Rating Outlook and Rating Watch  
Manufacturing Companies  
Financial Ratios – Non financial Sector  
Wholesale Trading  
Manufacturing Companies

### About the company and industry

#### Industry classification

| Macroeconomic indicator    | Sector                     | Industry                             | Basic industry              |
|----------------------------|----------------------------|--------------------------------------|-----------------------------|
| Fast moving consumer goods | Fast moving consumer goods | Agricultural food and other products | Other agricultural products |

Sri Chitra Agri Exports (SCAE) is a partnership firm established in 2006 with K Venkata Bhaskara Reddy and Rajeshwari as the key promoters. K Venkata Bhaskara Reddy is the firm's managing partner. SCAE is engaged in processing, packing and export of non-basmati rice to West African Countries (trading). The firm's processing plant is in Kakinada, Andhra Pradesh, with polishing and sorting capacity of 100 MT per day.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 9MFY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 305.32             | 264.34             | 200.76      |
| PBILDT                     | 5.31               | 3.30               | NA          |
| PAT                        | 1.79               | 0.80               | NA          |
| Overall gearing (times)    | 2.95               | 2.41               | 3.53        |
| Interest coverage (times)  | 1.34               | 1.75               | NA          |

A: Audited UA: Unaudited NA: Not available; Note: the above results are latest financial results available

**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-Long Term   |      | -                             | -               | -                          | 40.00                       | CARE BB; Stable                    |

**Annexure-2: Rating history for the 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 - ST-EPC/PSC                | ST              | -                            | -               | -   | -   | 1)CARE A4; ISSUER NOT COOPERATING * (22-Dec-22)<br>2)Withdrawn (22-Dec-22)<br>3)CARE A4; ISSUER NOT COOPERATING * (15-Sep-22) | 1)CARE A4; ISSUER NOT COOPERATING * (06-Aug-21) |
| 2       | Fund-based - LT-Term Loan              | LT              | -                            | -               | -   | 1)Withdrawn (12-Mar-24)                     | 1)CARE BB; Stable (07-Feb-23)   | -   |
| 3       | Fund-based-Long Term                   | LT              | 40.00                        | CARE BB; Stable | -   | 1)CARE BB; Stable (12-Mar-24)               | 1)CARE BB; Stable (07-Feb-23)   | -   |

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short 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-Long Term   | Simple           |

**Annexure-5: Lender details**

To view 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](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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