

Sri Siddi Rameshwar Agro Industries Private Limited (Revised)

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	40.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sri Siddi Rameshwar Agro Industries Private Limited (SSRAIPL) is tempered by small scale of operations and thin profitability margins, leveraged capital structure and debt coverage indicators, presence of the entity in highly competitive and fragmented rice milling industry. The ratings, however, derive strength from its experienced and resourceful promoters, improvement in total operating income in last four years, favourable plant location in paddy growing region and stable demand outlook of rice.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors:

- Increase in TOI to more than Rs.250 crore along with PBILDT margin at 4% on a sustained basis.
- Improvement in the capital structure marked by overall gearing improving to 2x going forward.

Negative Factors:

- Reduction of PBILDT margin below 2% on a sustained basis.
- Any elongation in the collection period and inventory holding leads to a working capital cycle of more than 200 days.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believed that SSRAIPL will continue to benefit from promoter's experience, and its locational advantage

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with thin profitability margins

The total operating income of SSRAIPL increased by ~38% from Rs. 141.37 crore in FY21 (A) to Rs.195.04 crore in FY24 (A). The same was on an increasing trend for last four years ended FY24 due to steady increase in the production of paddy over the years. SSRAIPL reported revenue of about Rs. 193.43 crore in 10MFY25 which is 99% of total revenue of FY24. SSRAIPL reported stable yet thin PBILDT margins in the range of 4-5% during FY21-FY24 (A). The firm has reported PBILDT margin and PAT margin of 5.07% and 0.57% respectively in FY24 against 4.20% and 0.08% respectively during FY23. This increase was due to the decrease in the cost of procuring raw material, mainly, Paddy.

Leveraged capital structure and debt coverage indicators

The total debt of SSRAIPL majorly comprises of working capital borrowings, unsecured loans from promoters and term loans. The capital structure represented by overall gearing has remained high over the past 4 years ending FY24 majorly on account of high utilisation of working capital limits which stood at 96% for the past 12 months ending February 2025. Overall gearing stood at 4.51x as on March 31, 2024 as against 5.05x as on March 31, 2023. Despite improvement, the same remained leveraged. However, it is to be noted that more than 40% of o/s debt comprises of unsecured loans from promoters.

The debt coverage indicators of the company represented by PBILDT interest coverage ratio improved from 1.38x in FY23 to 1.52x in FY24 (A) on account of increase in profitability. The company's total debt to GCA remained elongated but improved from 44 years in FY23 to ~30 years in FY24 (A) on account of improvement in GCA.

Presence in highly competitive and fragmented rice milling industry

SSRAIPL operates in the rice milling and processing industry, which is inherently exposed to risks from agro-climatic conditions and the seasonality of agricultural products. The rice milling industry is highly fragmented and competitive due to low entry barriers and the presence of many players in both the organized and unorganized sectors. This fragmentation, along with the regulation of rice prices by the Government of India (GOI) through the fixation of Minimum Support Price (MSP) to protect farmers'

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

interests, limits the purchasing power of industry players. Additionally, the sale of rice in the open market is regulated by quotas, based on targets set by the GOI for the central pool.

Key Strengths

Well-established firm with experienced promoters

Kaparathi Shravan Kumar, Director, is an industry leader with over 25 years of experience in the rice industry. With a profound understanding of input quality and its impact on production, he specializes in rice milling and is renowned as a prominent figure in the industry in Telangana and Andhra Pradesh. Known for his consumer-centric approach, he is dedicated to delivering unparalleled quality through state-of-the-art infrastructure and manufacturing setups. He is accompanied by his son, Mr. Kaparathi Shubham Chandra as Director. Mr. Kaparathi Shubham Chandra is young and ambitious individual, with a passion for new ideas and innovation, is actively engaged in the family business.

Stable industry outlook

The India rice milling industry is poised for significant growth in the coming years, driven by factors such as a rising population, increasing demand for processed and convenience foods, and changing consumer preferences towards packaged food products. The growth in the organized retail sector and government initiatives to promote mechanized farming operations, like paddy parboiling, further support this trend. Additionally, the rising global demand for parboiled rice, fueled by health awareness and a preference for nutritious food, is a major driver of the market's expansion.

Liquidity: Stretched

The liquidity position of the company stood stretched as marked by GCA of Rs.2.35 crore in FY24 with a debt repayment obligation of Rs.2.21 crore in FY25. However, the management has infused funds amounting to Rs.8.80 crores in FY24 and Rs.0.94 crore till 10MFY25 to meet the working capital requirements and shortfall in debt repayment obligations (if any). The company reported current ratio 1.25x as on March 31, 2024. The average utilization of CC stood high at 96% for the past 12 months ending February 2025.

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](#)

About the company and industry

Industry classification

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

Incorporated in November 2008, Sri Siddi Rameshwar Agro Industries Private Limited is a leading manufacturer and supplier of high-quality rice products with state-of-the-art manufacturing facilities and a strong commitment to quality. It specializes in producing raw rice, parboiled rice, broken rice and rice bran. The rice mill is located at Kaloor village of Nizamabad district, Telangana. The installed production capacity of the rice mill is 20 tons per hour. SSAIPL sells its rice in the retail market under the brand name 'KCP'. Mr. Kaparathi Shravan Kumar, Director, is an industry leader with over 25 years of experience in the rice industry along with Mr. Kaparathi Shubham Chandra, director, is the son of Mr. Kaparathi Shravan Kumar.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10MFY25 (UA)
Total operating income	189.14	195.04	193.43
PBILDT	7.94	9.89	7.35
PAT	0.15	1.11	0.68
Overall gearing (times)	5.05	4.51	4.72
Interest coverage (times)	1.30	1.38	1.52

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL, ICRA and Brickworks vide its press release dated December 19, 2024, March 21, 2024 and May 27, 2024 respectively, has placed ratings of Sri Siddi Rameshwar Agro Industries Private Limited under "Issuer Not Cooperating" category because of lack of adequate information.

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	-	-	-	-	40.00	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	40.00	CARE BB-; Stable				

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

Annexure-5: Lender details

To 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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About us:

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