

## Rameswar Agro Industries Private Limited

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	12.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	0.50	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Rameswar Agro Industries Private Limited to monitor the rating(s) vide email communications dated November 29 2024, December 10 2024, January 10 2025 and Feb 06 2025 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further Rameswar Agro Industries Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating of Rameswar Agro Industries Private Limited's bank facilities will now be denoted as CARE B; Stable; ISSUER NOT COOPERATING\*/CARE A4 ISSUER NOT COOPERATING\*.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The rating remains constrained by small scale of operation with moderate profitability margins, moderate financial risk profile, highly fragmented, competitive, and cyclical industry, working capital intensive nature of operation and profit margins subject to government regulations and raw material price fluctuations.

The rating however derives strength from experienced promoters with long track record of operations and proximity to paddy growing areas.

**Analytical approach:** Standalone

### Outlook: Stable

The 'Stable' outlook assigned to the long-term rating is based on the ability of the company to sustain its financial performance and the capital structure under the guidance of experienced promoters over the medium term and expected need base infusion of fund from the promoters.

### Detailed description of key rating drivers:

#### Key weaknesses

At the time of last rating on February 07, 2024, the following were the rating strengths and weaknesses.

**Small scale of operation with moderate profitability margins:** The scale of operations deteriorated and continued to remain small marked by TOI of Rs.22.64 crore (FY23: 29.62 Cr) and networth of Rs. 10.41 crore as on March 31, 2024. PBILDT margin marginally decreased from 9.78% in FY23 to 9.52% in FY24. The small scale of operation restricts the financial flexibility of the company at the time of stress.

**Moderate financial risk profile:** The capital structure of the company marginally improved, although remained moderate, marked by the overall gearing ratio of 1.27x as on March 31, 2024, as against 1.51x as on March 31, 2023. This apart, interest coverage ratio also remained satisfactory 1.45x in FY24. The debt protection metrics also remained weak marked by high TDGCA of 23.10x as on 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.

**Highly fragmented, competitive, and cyclical industry:** Bhubaneswar and nearby districts of Odisha has many rice mills. The high fragmentation and competitive nature of industry due to low entry barriers and presence of many players in the organized and unorganized sector puts pressure on the profitability margins.

**Working capital intensive nature of operation:** Paddy, the main raw material for RAIPL is available at reasonable prices during crop season, from October to January. Owing to the seasonality of rice harvest, the business requires maintaining higher raw material inventory. Accordingly, the working capital intensity remains high. The operating cycle of the company deteriorated to 502 days during FY24 as compared to 354 days in FY23.

**Profit margins subject to government regulations and raw material price fluctuations:** RAIPL is into processing and milling of rice from paddy. The Government of India (GOI), every year decides a minimum support price (MSP - to be paid to paddy growers) for paddy which limits the bargaining power of rice millers over the farmers. The sale of rice in the open market is also regulated by the government. Given the market determined prices for finished product vis-à-vis fixed acquisition cost for raw material, the profitability margins are highly vulnerable. Such a situation does not augur well for the company, especially in times of high paddy cultivation.

### Key strengths

**Experienced promoters with long track record of operations:** RAIPL is currently managed by Mr. Sukhamaya Das, who is having over two decades of experience in similar line of business. This apart, the company started from 1990, thus having long track record of operation.

**Proximity to paddy growing areas:** RAIPL plant is located near Bhubaneswar in Odisha, which is in proximity to the paddy growing areas of the country. Hence, RAIPL's presence in the paddy growing region results in benefits derived from a lower logistic expenditure (both on transportation and storage), easy availability and procurement of raw materials at effective prices.

### Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

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

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### 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

Odisha based Rameswar Agro Industries Private Limited (RAIPL) was incorporated in January 1990 to initiate a rice milling business. In this view, the company has installed a processing unit at Industrial Estate, Bhagwanpur in Bhubaneswar with an 3 CARE Ratings Ltd. Press Release installed capacity of Rice production of 32,000 MTPA, Flour Production of 8640 MTPA. The company produce rice and rice brain and flour. The day-to-day affairs of the company are looked after by Mr. Sukhamaya Das (director) along with other two directors and a team of experienced personnel.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	29.62	22.64
PBILDT	2.90	2.16
PAT	0.29	0.23
Overall gearing (times)	1.51	1.27
Interest coverage (times)	1.28	1.45

A: Audited UA: Unaudited; 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-Long Term		-	-	-	12.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*

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

**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-Long Term	LT	12.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (07-Feb-24)	1)CARE D (31-Mar-23)	1)CARE D; ISSUER NOT COOPERATING * (25-Feb-22) 2)CARE BB-; Stable (07-Apr-21)
2	Non-fund-based - ST-Bank Guarantee	ST	0.50	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (07-Feb-24)	1)CARE D (31-Mar-23)	1)CARE D; ISSUER NOT COOPERATING * (25-Feb-22) 2)CARE A4 (07-Apr-21)

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

LT: Long term; ST: Short term; LT/ST: Long term/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
2	Non-fund-based - ST-Bank Guarantee	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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### Disclaimer:

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