

Sree Padmam Pharma and Agencies

June 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	32.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sree Padmam Pharma and Agencies (SPPA) is constrained by small scale of operations, geographically concentrated in the regions of Kerala, concentrated customer profile, moderate capital structure and debt coverage metrics, execution risk associated with project of relatively larger size compared to networth, partnership nature of constitution with risk of capital withdrawal. The rating however derives strength from long term track record of the operations of the firm, experienced promoters with regular infusion of funds to support operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scale up operations to over Rs. 120 crores while maintaining PBILDT margin above 6% on a sustained basis
- Improvement in debt coverage with Total debt/GCA below 4x

Negative factors

- Drop in income below Rs.50 crore on sustained basis
- Any further large debt funded capex leading to deterioration of overall gearing above 3.50x

Analytical approach: Standalone

Outlook: Stable

The 'stable' outlook reflects that the entity is expected to sustain its operational performance with benefits derived from vast experience of the promoters and customer base.

Detailed description of key rating drivers:

Key weaknesses

Small and geographically concentrated scale of operations:

The scale of operations remained relatively small with operating income of 90.07 crore in FY25 (refer to period of April 1 to March 31) albeit growth at the CAGR of 20.75% over the past three years ended FY25. Despite having a long track record, SPPA derives majority of income from the regions of Trivandrum, which could limit its reach and ability to scale up the business significantly. Further, competition in the industry would also continue to restrict future growth prospects.

Concentrated customer base:

The revenue profile is concentrated with few top customers. The top 9 customers contributed around 53.24% of its Total operating Income (TOI) in FY25 (PY: 61.27%). The revenue from single customer, which belongs to the promoter group forms 28.35% of income in FY25 (PY: 31.15%). The highly concentrated customer base, which can pose risks on revenue visibility in case of any slowdown in demand from the customer.

Moderate capital structure and debt protection metrics:

The capital structure of the firm stood moderate with overall gearing of 2.82x as on March 31, 2025 due to the lower networth base and higher reliance of working capital borrowings. The firm is also undertaking a capex of Rs.14.2 crore, funded by term loan of Rs. 10.85 crores and the rest is funded by accruals and through unsecured loans from promoters, towards shifting of existing warehouse to a new location along with increase in capacity. Given the larger size of the project, related to networth, the ability of the firm to successfully complete the project without any cost and time overrun remains a key monitorable. The capital structure is expected to remain moderate in the near term on account of the above capex. The debt protection metrics also stood moderate with Total debt/ GCA of 9.90x as on March 31, 2025.

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

Partnership nature of constitution

SPPA's constitution being a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partner. The partners had withdrawn Rs. 1.54 crore of capital during past three years ended FY24. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

Key strengths

Experienced track record of the promoters:

Sree Padmam Pharma and Agencies (SPPA) is a partnership firm consisting of Sri. AM Gopalan, Mr. Manojan and Mrs. Sheeja Gopalan. Sri. A. M. Gopalan, commonly known as "Gokulam Gopalan" and is part of the Sree Gokulam group of companies, who has presence across different business verticals such as healthcare, education, hospitality, food & beverages etc. The day to day activities of the firm are overseen by the Managing Partner, Mr. Manojan.

Long track record of operations with regular funding support from promoters:

The firm has a long track record of operations of over 29 years and has established a reputed customer and supplier base, with the major customer being 'Foundation of Non Resident Indians' (rated CARE BBB-;Stable/ CARE A3). The PBILDT margins though volatile has remained comfortable in the range of 5.16% - 7.56% over the past three years ended FY25. The Promoters consistently supported the firm's operations through interest free unsecured loans from the group entity, which stood at ₹4.69 crore as on March 31, 2025, forming 18% of total borrowings.

Liquidity: Stretched

Liquidity position of the firm is stretched characterized by thin accruals against repayment obligation with modest free cash and cash equivalents of Rs. 0.03 crore (PY: Rs.0.01 crore) as on March 31, 2025. The operating cycle of the firm remained moderate at 90 days in FY25 due to increase in the collection period from 56 days in FY24 to 74 days in FY25. The firm has been sanctioned with working capital limit of Rs. 20 crore. The fund-based average utilisation for the last 12 months ended April 2025 stood at 59.14%. The current ratio stood at 1.23x as on March 31, 2024.

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](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Sree Padmam Pharma and Agencies (SPPA), based in Trivandrum, Kerala, was established in 1996 by Mr. Balakrishnan. In June 2019, the current management took over, and it now operates as a partnership firm. SPPA specializes in the wholesale distribution of pharmaceutical products and serves around 1300 customers, including hospitals, clinics, and retail outlets. SPPA has its office and warehousing facilities in Trivandrum, Kerala.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	69.25	82.67	90.07
PBILDT	3.58	6.25	4.62
PAT	1.62	3.11	2.10
Overall gearing (times)	2.55	2.39	2.82
Interest coverage (times)	4.50	5.95	4.16

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 - LT-Cash Credit		-	-	-	20.00	CARE BB; Stable
Term Loan-Long Term		-	-	September 2030	0.80	CARE BB; Stable
Term Loan-Long Term		-	-	September 2034	11.20	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 2025-2026	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
1	Term Loan-Long Term	LT	11.20	CARE BB; Stable				
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BB; Stable				
3	Term Loan-Long Term	LT	0.80	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
2	Term Loan-Long Term	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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