

Sri Venkateswara Rice Industry

June 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.00	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sri Venkateswara Rice Industry (SVRI) is constrained due to the moderate capital structure and weak debt coverage indicators, business operations being dependent on vagaries of nature, high-level of government regulation along with fragmented nature of business and constitution of the entity as a partnership firm. The ratings, however, derive strength from an improved scale of operations during FY2025 [FY refers to the period April 01 to March 31], experienced and well-established partners and presence in the rice belt of Andhra Pradesh.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in TOI to more than Rs.200 crore along with PBILDT margin at 4% on a sustained basis.
- Improvement in the capital structure with overall gearing falling below 1.00x

Negative factors

- Reduction of PBILDT margin below 2.00% on a sustained basis
- Any elongation in the collection period and inventory holding leads to a working capital cycle of more than 130 days.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity will continue to benefit from the extensive experience of the partners in the industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure and debt coverage indicators: The capital structure of SVRI is marked by its overall gearing ratio which continued to remain moderate at 1.19x [PY: 1.17x] as on March 31, 2025. The debt profile of the entity comprises GECL Loans, Unsecured Loans and Cash Credit facilities. The tangible net worth of the company continued to remain modest at Rs.20.54 crore [PY: Rs. 27.60 crore] as on March 31, 2025. The debt coverage indicators of SVRI continued to remain weak and in line with the previous year as marked by an interest coverage ratio of 1.61x (PY: 1.54x) and TDGCA of 10.59x (PY: 15.36x) in the year ended on March 31, 2025. The TOL/TNW ratio of the entity stood at 1.27x as on March 31, 2025, in comparison to 1.22x as on March 31, 2024.

Constitution of the entity as a partnership firm: Sri Venkateswara Rice Industry is a partnership firm with the inherent risk of the possibility of withdrawal of the partners' capital and the firm being dissolved upon the retirement/insolvency of the partner/demise. Also, there exists limited financial flexibility with the nature of the Constitution. The partners have added capital during FY24 to procure more raw material due to better demand for finished goods. As this was brought in to match temporary mismatch of cash flow, the same was withdrawn maintaining the level of capital in line of FY23.

Monsoon-dependent operations: The entity's operations are dependent on agro-climatic conditions and may get adversely impacted in case of weak monsoons or poor crop quality. As per the Indian Meteorological Department, 2024 is expected to be above normal monsoon and that's a positive for all the agro-based entities, though delay in arrival of monsoon may impact yield.

Presence in a highly fragmented and competitive industry along with vulnerability to unfavourable regulatory Changes: The commodity nature of paddy makes the industry highly fragmented with numerous players operating in the unorganized sector. The raw material (paddy) prices are regulated by the government to safeguard the interest of farmers, which in turn limits the bargaining power of the rice millers. Moreover, the Government of India (GOI) every year decides a minimum support price (MSP - to be paid to paddy growers) for paddy. However, the price of the finished product is determined by market forces of demand and supply. Given the market-determined prices for finished product vis-à-vis fixed costs for raw materials, the profitability margins of rice millers/processors are highly vulnerable, especially in times of high paddy cultivation.

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

Key strengths

A well-established firm with experienced partners: The partners have more than two decades of experience in the rice milling industry. The firm benefits from the partners' understanding of the dynamics of the industry and established relationships with customers. Mr. Vantipalli Kasi Viswanadham is the Managing Partner of the entity who holds experience in the rice milling industry for more than 2 decades. Along with the managing partner, the family members are well-equipped with business practices of the rice milling industry.

Consistent growth in scale of operations with moderate profitability: SVRI's scale of operations marked by its total operating income (TOI) improved by 6.33% on a y-o-y basis and continued to remain moderate at Rs.135.73 crore in FY25 (Provisional) [PY: Rs.127.65 crore] owing to increase in the sale of all types of products. The entity reported steady growth in revenue, supported by improved realizations across rice products in FY25. Rice realization saw marginal improvement, while Broken Rice and Rice Bran realizations registered healthy growth over the previous year. Sales volumes across all product segments also improved. Profitability remained stable with PBILDT margin at 4.47% (PY: 4.67%) and PAT margin at 1.19% (PY: 1.11%). Margins continue to remain thin given the regulated pricing environment in the rice milling industry.

Presence in the rice belt of Andhra Pradesh: The rice milling unit of SVRI is located in the East Godavari district which is a favourable location for producing rice in Andhra Pradesh. The manufacturing unit is located near the rice-producing region, which ensures easy raw material access and smooth supply of raw materials at competitive prices and lower logistic expenditure.

Diversified clientele and supplier base: The entity usually procures raw materials from farmers or domestic dealers. The supplier base is huge with 100s of dealers and many more farmers in the states of Telangana, Andhra Pradesh, Bihar, Odisha, and Karnataka. The entity does not seek any credit period when the purchases are directly from the farmers. The entity's first preference is to purchase it directly from the farmers, but, due to the demand and other regulatory issues and the nature vagaries, the entity has to depend on the dealers who carry the expertise to source the material from other states and help the entity to meet requirements.

Liquidity: Adequate

SVRI's liquidity position remained adequate marked by gross cash accruals of Rs.2.31 crore as against the debt repayment obligations of Rs. 1.40 crore in FY26. The entity's fund-based working capital limit utilisation is at 31% for the last twelve months ending April 2025. Further, the company is expected to generate cash accruals of Rs. 2.54 in FY26 which is sufficient for the debt repayment obligations of ~Rs. 1.40 crore in FY26.

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	Fast Moving Consumer	Agricultural Food & other	Other Agricultural

Sri Venkateswara Rice Industry is a partnership firm established in December 2001 and the unit started production in December 2002. The firm's office and manufacturing unit is located at Mandapeta, East Godavari, Andhra Pradesh. The unit is selling its product within and outside Andhra Pradesh and its brand name "EAGLE". It is selling its products to North Coastal districts in AP viz., Srikakulam, Vizianagaram and Visakhapatnam. It supplies raw/ boiled/ steam rice to Karnataka, Kerala, Tamil Nadu, and Maharashtra. The partners are well experienced in rice milling business and prior to the construction of rice mill, the partners had done rice-milling business by taking rice mill on lease. The total capacity of the manufacturing unit is 0.60 lakh MTPA. The firm is mainly engaged in the milling of paddy to process boiled rice and raw rice with by-products like husk rice bran, broken rice, and others. The firm is also engaged in the trading of paddy depending on the market dynamics.

Particular	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	101.15	127.65	135.73
PBILDT	3.94	5.96	6.07
PAT	0.96	1.41	1.61
Overall gearing (times)	1.00	1.17	1.19
Interest coverage (times)	1.41	1.54	1.61

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		-	-	-	30.00	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 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	Fund-based - LT-Cash Credit	LT	30.00	CARE BB; Stable	-	1)CARE BB; Stable (07-Jun-24)	-	-

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 - 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: +91-80- 4662 5555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Niraj Thorat Assistant Director CARE Ratings Limited Phone: 914040102030 E-mail: Niraj.Thorat@careedge.in
	Ashish Raj Analyst CARE Ratings Limited E-mail: Ashish.Raj@careedge.in

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