VM Exims

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Short Term Bank Facilities	50.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings to the bank facilities of VM Exims is primarily constrained on account of initial stage of operations with underachievement of revenue in FY25 as compared to envisaged levels, business susceptible to high competition in the rice trading sector, regulated nature of industry being exposed to international trade laws and changes in government policies of importing countries and constitution of the entity as partnership firm. The rating, however, derive strength from its experienced promoters with qualified management team, established market relation of the promoter and locational advantage.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in revenue and profitability leading to healthy cash accrual generation

Negative factors

- Withdrawal of capital, going forward impacting leverage structure of the firm.
- Deterioration in sales and profitability leading to losses at net level

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers:

Key weaknesses

Underachievement of revenue as compared to envisaged levels

The firm had projected a revenue of Rs.195 crore for FY25; however, it reported an actual revenue of Rs.105 crore. This was on account of delayed receipt of payments from debtors and vessel unloading delays ranging from 30 to 60 days at the destination ports.The company had received orders to supply approximately 20,000 MT of rice by September 2025. However, due to limited vessel availability, it now plans to commence shipments from August 2025. This apart ,the debtors as on March 31,2025 stood at Rs. 67.98 crore which have improved to Rs. 45.88 crore as on July 30,2025..Although,the company has orders to supply rice,the ability of the company to receive its debtors in time to enable to process its existing orders in a timely manner remain a key monitorable.

Low entry barrier along with stiff competition in trading business

The rice trading industry is highly competitive and fragmented in nature owing to low entry barriers due to minimal capital required and easy access to clients and suppliers resulting in presence of large number of unorganized players in the market. Also, the presence of big-sized players with established marketing & distribution network results into intense competition in the industry. The industry is cyclical with prices of the commodities driven by demand and supply conditions in the market with strong linkage to the global market. Due to high competition profitability margins tend to remain thin in the industry.

Vulnerability of international trade to changes in government policies

The paddy prices are regulated by the government to safeguard the interest of farmers which limits the bargaining power of rice mills over the farmers. Given the fact that prices for finished products is market determined while the

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

cost of raw material is fixed by Government of India (GoI) through the MSP mechanism, the profitability margins remain vulnerable, especially in times of high paddy cultivation.Therefore, the rice processing sector as a whole is vastly regulated by the GoI and any adverse changes in the regulatory framework can negatively impact rice processing units. Also, the company remains susceptible to changes in import policies of various countries.

Constitution of the entity as partnership firm
VM Exims was established as a partnership firm and the risk of withdrawal of partners' capital prevails apart with low net worth base restricts its overall financial flexibility in terms of limited access to external funds for any future expansion plans.

Key strengths

Experienced promoters with qualified management team
VM Exims has been promoted by Dwarampudi Veerabhadra Reddy who has a successful track record of 3 decades as a entrepreneur and his wife, Madhuri Latha Dwarampudi having experience of over 10 years in varied areas of administration and finance. The promoters are also a Directors of Veerabhadra Exports Private Limited, Seashore Exims Private Limited, Crystalnova Foods Private Limited, and Sri Adilakshmi Property Developers Private Limited and Sai Bhaskara Exims. VM Exims benefits from the experience of promoters and their established relations in the industry.

Established market relation of the promoter
The promoter is the chairperson of rice milling association in Kakinada and has long established contacts with the suppliers as well as customers. The promoter along with his family members have been associated with Agri related activities for over three decades. Firm plans to sell its products in the International market mainly to Middle east and Africa. The business of the firm stands to benefit by virtue of strong and resourceful promoter base.

Locational advantage
The company has locational advantage with the warehouse facility located at Kakinada – biggest port and one of the prominent paddy growing belt in Andhra Pradesh. VM Exims deal with rice millers across Andhra Pradesh and Telangana, and other adjoining states, The firm has the advantage of location as they procure majority from paddy growing areas of Andhra Pradesh. Andhra Pradesh, situated in South India, forms a part of South coast of India and connected with Orissa and Chhattisgarh states.

Liquidity: Stretched

The liquidity position of the company is stretched with minimal cash accruals. The fund-based working capital utilization is high at 90% for the past 10 months ended March-25.However, the company does not have any repayment obligations. Promoters are resourceful and will bring in need-based funds to support the operations

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading

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

VM Exims was incorporated in the year 2024 established as a partnership firm and promoted by Mr.Veerabhadra Reddy and Madhuri Latha. The firm is based out at Kakinada, Andhra Pradesh, and is into trading and exporting varieties of rice such as raw rice, Broken Rice and Paraboiled Rice to markets such as Switzerland, Singapore, China, Abidjan , LomeTogo, Cotonou , Benin. The firm started its operations in July-2024.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	NA	105.68
PBILDT	NA	3.66
PAT	NA	0.11
Overall gearing (times)	NA	4.18
Interest coverage (times)	NA	1.08

A: Audited UA: Unaudited NA: Not Applicable P: Provisional; 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 - ST-Packing Credit in Indian rupee		-	-	-	50.00	CARE A4

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 - ST-Packing Credit in Indian rupee	ST	50.00	CARE A4	-	1)CARE A4 (03-Jul-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 - ST-Packing Credit in Indian rupee	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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