

Sri Vinay Agro Rice Industries

September 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	24.80 (Enhanced from 6.69)	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B-; Stable
Long Term Bank Facilities	-	-	Withdrawn
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sri Vinay Agro Rice Industries (SVARI) is constrained by its modest scale of operations, leveraged capital structure, weak debt coverage indicators, low net worth base, and its constitution as a partnership firm which limits financial flexibility, presence in a highly competitive and fragmented rice milling industry.

However, the ratings derive comfort from the experienced and resourceful promoters with over 15 years of experience in the rice milling business, the unit's strategic location in Raichur district of Karnataka providing close proximity to raw material (paddy) sources, infusion of capital in FY25, satisfactory operating margins, and the stable demand outlook for rice.

CARE Ratings has withdrawn the ratings assigned to the long term facilities (term loans) and short-term facility (Letter of Credit) of Sri Vinay Agro Rice Industries, as the company has repaid/surrendered the said facilities and there is no amount outstanding as on date. The withdrawal is in line with CARE Ratings' withdrawal policy.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above Rs 100 crore while maintaining PBILDT margin above 4.5% on sustain basis
- Improvement in the capital structure marked by overall gearing improving to 2.25x going forward.

Negative factors

- Deterioration in capital structure marked by gearing increasing to 4.5x going forward
- Widening of its working capital cycle to above 175 days.

Analytical approach: Standalone

Outlook: Stable

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

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and weak debt coverage indicators

The entity's capital structure remains leveraged, with overall gearing consistently above 2.5x during the past three years, standing at 2.70x as on March 31, 2025 (PYE: 8.72x), reflecting high reliance on external borrowings to fund working capital requirements. While gearing improved from FY24 levels on account of capital infusion by the promoters and a reduction in total debt. Debt coverage indicators also remain weak, with PBILDT interest coverage moderating from 2.33x in FY21 to 1.34x in FY25. The firm's net worth base stood modest at ₹8.32 crore as on March 31, 2025.

Elongated operating cycle

The firm's operating cycle has remained elongated, averaging above 70 days over the past three years, and further stretched to 148 days in FY25 (PY: 115 days), owing to the seasonal nature of its business. It typically maintains inventory of 3–4 months to support operations during the off-season and meet customer demand. Receivables are generally realised within a month, while payments to creditors are settled either in cash or within a week. As a result, the working capital limits remain highly utilised at

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

above 95% in the past 12 months ended July 2025 primarily to fund bulk inventory purchases and ensure smooth operations throughout the year.

Susceptibility of margins to raw material price fluctuations

The major procurement of Paddy happens during the months of October to January and April to July. The firm's raw material being paddy, for proper harvest and availability of paddy, the weather conditions should be adequate. Adverse weather conditions directly affect the supply and availability of the paddy and raw material price fluctuations. The central Government of India (GOI), every year decides a minimum support price of 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 through levy quota and fixed prices. Due to the above said regulations along with the intense competition, the bargaining power of the rice millers against the suppliers of paddy and the customers is limited. However, the firm is able to pass on the increase in prices to some extent.

Highly fragmented and competitive nature of industry

The Indian rice mill industry is highly unorganized and fragmented in nature. Based on product type, the rice and paddy market can be segmented into variety of products and features a fragmented and competitive landscape owing to the presence of many small-scale companies. The market also features some large companies holding prominent positions, making the market intensely competitive. Nevertheless, due to vast experience of promoters in the industry resulted in establish relations with key customers helped in bagging of repeated orders.

Constitution of entity as a partnership firm

SVARI, being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the partners. Moreover, partnership firm business has restricted avenues to raise capital which could prove a hindrance to its growth.

Key strengths

Experienced promoters

SVARI is promoted by Mr. U. Veeresh, Mr. Janardhan Reddy (Managing Partner), Mr. U. Thimma Reddy, Mr. U. Ravi having more than 1.5 decade of experience in rice milling and trading of food grains. They have established healthy relationship with key suppliers, customers, local farmers, dealers and with various brokers within the state and other neighbouring areas.

Modest scale of operations and satisfactory operating margin

The firm continues to operate on a modest scale, with operating income improving from ₹61.27 crore in FY21 to ₹96.76 crore in FY24, registering a healthy CAGR of ~16.5%, and moderated to ₹83.22 crore in FY25 (UA) mainly due to lower sales volumes. Despite the relatively small size of operations, the operating margins have remained satisfactory, improving steadily from 3.63% in FY21 to 5.83% in FY25, supported by the promoters' long-standing experience in the industry. However, the modest scale continues to restrict economies of scale and limits the firm's bargaining power with suppliers and customers. Going forward, the ability to scale up operations while sustaining margins remains a key rating monitorable

Location advantage with presence in paddy growing belt of Raichur

SVARI's manufacturing facility is located in Raichur district of Karnataka which is one of the major paddy cultivation area in the state. It procures paddy from the local farmers which results in low transportation cost. The paddy is also procured from the local agents. Considering the above, the raw material availability stands adequate for the firm.

Capital infusion to support the scale of operations

The promoters have extended support to the business by infusing ₹3.25 crore of capital in FY25. This infusion largely offset the withdrawals made in FY23 and FY24, which were directed towards setting up a new rice mill unit under Sri Vinay Agro Food Industries. As a result, the net capital addition over the last four years stood modest at ₹0.53 crore.

Liquidity: Stretched

The liquidity profile of the firm remains stretched, marked by low cash and liquid investments of ₹0.64 crore as on March 31, 2025 (PYE: ₹0.01 crore). The average utilization of working capital limits stood high at ~95% over the last 12 months ended July 2025, reflecting limited cushion in liquidity. However, liquidity is supported by positive cash flow from operations of ₹15 crore in FY25 and projected gross cash accruals of ₹1.65 crore in FY26, against debt repayments of ₹0.13 crore in FY26.

Assumptions/Covenants - Not Applicable

Environment, social, and governance (ESG) risks - Nil

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)
[Withdrawal Policy](#)

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

Sri Vinay Agro Rice industries (SVARI) was established in January 2016 as a partnership firm promoted by Mr. U. Veeresh, Mr. Janardhan Reddy, Mr. U. Thimma Reddy and Mr. U. Ravi. SVARI is engaged in milling and processing of rice. The rice milling unit of the firm is located at Raichur, Karnataka, with an installed capacity of 5 tons per hour.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	80.04	96.76	83.22
PBILDT	3.51	4.76	4.85
PAT	0.85	1.03	0.84
Overall gearing (times)	4.71	8.72	2.70
Interest coverage (times)	1.63	1.45	1.34

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

Status of non-cooperation with previous CRA: India Ratings continues to categorise the ratings assigned to the bank facilities of SVARI into Issuer Not Cooperating category vide press release dated July 18, 2025 on account of its inability to carry out a review in the absence of the requisite information from the firm.

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		-	-	-	24.64	CARE BB-; Stable
Fund-based - LT-Proposed fund based limits		-	-	-	0.10	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	December 2023	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	December 2025	0.06	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	July 2024	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	July 2023	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

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	24.64	CARE BB-; Stable	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-
2	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-
4	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE A4; ISSUER NOT COOPERATING * (11-Apr-23)	-
5	Fund-based - LT-Proposed fund based limits	LT	0.10	CARE BB-; Stable	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-
6	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-
7	Fund-based - LT-Term Loan	LT	0.06	CARE BB-; Stable	-	1)CARE B-; Stable; ISSUER NOT COOPERATING * (07-Jun-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (11-Apr-23)	-

*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 - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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