

## Paramesu Biotech Limited

October 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	459.42 (Enhanced from 223.66)	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in the rating of Paramesu Biotech Limited (PBPL) continues to derive comfort from consistent improvement in the financial performance in the last four years ended FY25 (FY refers to April 01 to March 31), healthy operational performance while regular addition in the capacities, and timely completion of the large-sized expansion capex which started generating cash flows. PBPL also benefits from the diverse product portfolio having wide industry application and reputed client base. The rating also considers the cost saving measures, such as installation of co-generation power setup, which is expected to decrease the power cost starting from FY25 and thus improve the profitability in short-to-medium term, experienced promoters in maize processing, location advantage, adequate liquidity, and favourable industry growth prospects.

However, the rating strengths are partially offset by the risk associated with the debt-funded large-size project leading to leveraged capital structure, maize prices being susceptible to vagaries of nature, and competition from other large-sized players in the industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total operating income (TOI) increasing to above ₹900 crore while improving return on capital employed (ROCE) above 25% and sustaining the profit before interest, lease rentals, depreciation and taxation (PBILD) margins at 10% above.
- Improving capital structure with overall gearing at 0.75x or below, on a sustained basis.

#### Negative factors

- Deterioration in total outside liabilities to tangible net worth (TOL/TNW) beyond 2.25x.
- Significant elongation in the operating cycle beyond 100 days on a sustained basis adversely impacting the company's liquidity profile.

### Analytical approach: [Standalone](#)

#### Outlook: Stable

The 'stable' outlook is in the view of experienced promoters having established track record of operation in the maize processing industry. And expected to maintain healthy operational performance while maintaining the financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Operational performance continued to be comfortable

Starch (maize/corn) is the major revenue contributor for the company, contributing 57.20% of total gross sales. The company has consistently added capacity from 420 TPD in FY21 to 500 TPD in FY23, 750 TPD in FY24 and 800 TPD in FY25, and has increased it to 900 TPD in August 2025 and additional 100 TPD by FY27. Operational performance remained comfortable with capacity utilisation of 93% at 237,190 metric tonne per annum (MTPA) in FY25 compared to 89% at 195,015 MTPA in FY24. This was due to steady demand from food, paper and fast-moving consumer goods (FMCG) industry and fresh demand from pharmaceuticals and feed industry. PBPL's major raw material is maize, procured from adjoining states and processed at its strategically plant. Besides maize, the company uses small quantities of consumables such as enzymes to produce starch and its derivatives.

The average cost per metric tonne of maize increased by ~5% to ₹22,805 in FY25 from ₹21,640 in FY24 due to higher prices in FY24-FY25, though prices started declining in Q1FY26. As raw material prices are directly proportionate to sales realisation,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

change impacts realisation. The company earns better margins from value-added products such as Modified Starches, Derivatives – Liquid Glucose and Maltodextrin Powder and co-products – Germs, Gluten, Fiber and CSL corn steep liquor (CSL). Maize prices surged in FY25 due to higher demand from ethanol production under the government's E20 blending push, and supply constraints from weather-related crop losses and limited imports.

### **Steady TOI with improved profit margins in FY25**

The company showcased robust growth in TOI, which increased by 22% in FY25 (FY refers to April 01 to March 31), to ₹768 crore in FY25 (Prov.) compared to ₹628 crore in FY24, due to enhanced installed capacity and higher volume sales considering consistent demand for its starch and derivative products, mainly from the food processing, pharmaceutical, and paper industries in India and other South Asian countries. The increase in sales volume was supported by expansion in the existing product line, with value-added products finding application in pharmaceutical, food, textile and other industries. The quantity-wise sales continued to increase in FY25 due to favourable demand for starch products. The average sales realisation improved due to increased maize prices, and the proportion of raw material price increase was lower than per metric tonne price realisation of its products. The sale quantity increased in FY25 to 223,982 metric tonne (PY: 191,616 metric tonne). In FY25, the company cut power costs by commissioning a 3.95 MW captive co-generation unit using excess boiler steam for electricity generation.

The company majorly supplies its starch products to the food processing and paper industries. In FY25, the profitability margin remained at the same level as FY24. The product supply to the food processing industry, where margins are relatively higher compared to other industries, contributed the highest share of revenue in FY25. PBILDT and profit after tax (PAT) margins remained comfortable at 12% and 6%, respectively, in FY25.

Margins are expected to remain at the same level as FY25 for the projected period considering better inventory management.

### **Moderate financial risk profile**

PBPL's capital structure remained largely in line as on March 31, 2025 compared to the previous year and stood moderate, marked by debt-to-equity and overall gearing at 0.57x and 1.00x as on March 31, 2025. The company undertook capital expenditure (capex) projects in the last three-four years and completed them without cost or time overrun. Deterioration in capital structure is expected in FY27 and FY28 when new term loans for the 1,200 TPD project will be availed. TNW increased and stood satisfactory at ₹224 crore as on March 31, 2025. The company utilised reserves to issue bonus shares in a 4:1 ratio in FY25.

The company's debt profile comprises term loans (primarily for recent debt-funded capex), unsecured loans (USL), and working capital loans. USL was brought into the business to fund ongoing capex.

Debt coverage indicators remained stable compared to FY24. Interest cost increased in FY25 due to higher debt availed for the project. Total debt/gross cash accruals (GCA) remained at 3.4x while interest coverage stood at 5x as on March 31, 2025.

### **Diverse and reputed client base from industries**

Starch and its derivative products find application in diverse industrial and commercial application such as food and drink (confectionaries), paper and board, personal care and pharmaceuticals, textile, FMCG, animal and pet foods among others. Hence, business prospects of the company does not depend on a single end-user industry, providing revenue flexibility. The company has reputed clientele, including ITC Limited, Emami Paper Mills Limited, Prayagh Consumer Care Pvt Ltd, and JK Paper Limited, among others. The company has a large and diverse customer base with top 10 clients contributing ~30% of TOI in FY25 (26% in FY24).

### **Experienced promoters and qualified management**

PBPL is promoted by Upendra Reddy Tetali and Ananda Swaroop Adavani. Ananda Swaroop Adavani, Managing Director, has over 10 years of expertise in the maize starch industry and is actively involved in day-to-day operations. The promoters are supported by a team of qualified professionals.

### **Locational advantage**

Corn/maize is the major raw material used in manufacturing maize starch and by-products such as gluten, fibre, and germ. PBPL procures most of its raw material from local traders in East Godavari, West Godavari, Vizianagaram, and Srikakulam districts of Andhra Pradesh. It also procures from Khammam, Warangal, Bihar, and Odisha to diversify availability. In India, maize is grown throughout the year. Almost all maize required for six-seven months (mid-March to mid-October) is procured within a 50 km radius from the factory. For the balance months, maize is procured from Khammam district, within 70-80 km. The plant is situated near the maize-growing belt, providing better access to raw materials.

### **Key weaknesses**

#### **Project risk associated with upcoming project at MP**

PBPL is setting up a maize starch and co-products manufacturing plant (germ, gluten, fibre, and corn steep liquor) in Mohasa-Babai, District Narmadapuram, Madhya Pradesh, with a capacity of 1,200 TPD. The total project cost is ₹402 crore. The company filed the Draft Red Herring Prospectus (DRHP) in November 2024, which was approved by Securities and Exchange Board of India (SEBI) in February 2025 for a ₹600 crore initial public offering (IPO). However, market conditions were not favourable for the

IPO; hence, the promoters availed a term loan (TL) of ₹255 crore from HDFC Bank and the balance will be funded through internal accruals.

The company acquired 109.80 acres of leasehold land from Madhya Pradesh Industrial Development Corporation (MPIDC) for 99 years at a cost of ₹36.76 crore. This land cost was funded through internal accruals and unsecured loans (USL) from the promoters.

Madhya Pradesh was chosen for its abundant maize supply, central location for distribution and attractive government incentives including capital subsidies and power tariff waivers. The project is expected to be completed and begin trial runs from December 2026 and commence commercial operations by Q4FY27. Repayment will commence from April 2028. The products will cater to industries, such as food and beverages, pharmaceuticals, paper and packaging, textiles and adhesives, with existing customers.

#### **Expansion project at the existing location**

The company plans to increase the current capacity from 900 TPD to 1,000 TPD at the existing plant, funded through internal accruals and USL from the promoters. 900 TPD is already operational, and the plant is running at 95% capacity utilisation. Another 100 TPD will be operational from the next financial year. The expansion will cost ~₹26 crore and includes machinery such as starch dryer, process reactors, fibre dryer and Gluten Dryer and Peeler Centrifuge-. To reduce power costs, the company plans to install a 2-MW solar power plant, which will become operational from November 2025.

#### **Volatility in maize prices**

Maize prices remain volatile due to factors such as fluctuations in minimum support prices (MSP) by the government, actual production levels, inflation, macroeconomic conditions and demand-supply dynamics. Maize is mainly a rain-fed kharif crop, sown before the onset of monsoon and harvested after its retreat. The cost of maize remains high for the kharif crop harvested from mid-October. The MSP for FY25 (FY refers to April 01 to March 31) stands at ₹2,400/quintal, up from ₹2,225 in FY24, exposing the company's profitability to climatic risks and input cost fluctuations.

#### **Seasonality associated with agri-based products and competitive industry**

Prices of agricultural commodities are highly volatile depending on production yield, demand and weather conditions. Hence, profitability is exposed to price fluctuations. The industry is highly fragmented and competitive, with numerous unorganised and a few organised players. Entry barriers are low due to limited capital and technological requirements, resulting in limited pricing power. The industry is also characterised by a high degree of government control in procurement and sales of agricultural commodities.

#### **Liquidity: Adequate**

The liquidity position of the company stands adequate with sufficient cash accruals to meet its debt repayment obligation. The average working capital utilisation was also moderate at 68% for the last 12 months ended August 2025 providing cushion to liquidity. Liquidity is further supported by above unity current ratio of 1.10x and positive cash flows from operating activity as on March 31, 2025.

#### **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](#)

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#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Other food products

PBPL was incorporated on September 7, 2011, by Upendra Reddy Tetali and Ananda Swaroop Adavani. However, the commercial operation started from 2015, and since then Ananda Swaroop Adavani is involved in company's day-to-day affairs. PBPL is primarily engaged in manufacturing maize-based specialty products to produce starch and modified starches and other derivative products,

such as liquid glucose and maltodextrin powder and coproducts products including gluten, germ, fibre, and CSL. Maize starch finds applications in industries, such as food processing, paper making, corrugated box adhesive, clothing starch in textile industry, and pharmaceutical. The present installed capacity of the plant to produce native corn starch is 900 TPD. The company operates through its manufacturing facility at Devarapalli Mandal, West Godavari District, Andhra Pradesh.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)	5MFY26(UA)
Total operating income	628.87	768.86	374.03
PBILDT	77.57	98.59	46.29
PAT	40.34	50.50	24.95
Overall gearing (times)	1.19	0.99	N.A.
Interest coverage (times)	5.08	5.02	N.A.

A: Audited UA: Unaudited 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 - LT-Cash Credit		-	-	-	120.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	30/09/2035	339.42	CARE BBB+; 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-Term Loan	LT	339.42	CARE BBB+; Stable	-	1)CARE BBB+; Stable (20-Sep-24)	1)CARE BBB; Positive (24-Jul-23) 2)CARE BBB; Positive (06-Jul-23)	1)CARE BBB; Positive (07-Jul-22)
2	Fund-based - LT-Cash Credit	LT	120.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (20-Sep-24)	1)CARE BBB; Positive (24-Jul-23) 2)CARE BBB; Positive (06-Jul-23)	1)CARE BBB; Positive (07-Jul-22)

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-Term Loan	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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