

## Sre Ram and Co.

October 28, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable
Long Term / Short Term Bank Facilities	40.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable / CARE A4+

Details of facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated October 04, 2024, placed the ratings of Sre Ram and Co. (SRC) under the 'issuer non-cooperating' category as SRC had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. SRC continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated August 30, 2025, September 09, 2025 and October 09, 2025. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of non-submission of information required for credit rating despite repeated requests. The ratings assigned to the bank facilities of Sre Ram and Co. continue to be constrained by the non-integrated nature of operations exposing the firm to inventory price risk, geographical concentration in the Tamil Nadu market and thereby susceptibility to the socio-economic condition of the region, intense competition from other established players, and partnership constitution of the firm. The ratings however, factor in vast experience of the partners and long operational track record of the firm, established brand name of "Udhaya Krishna" ghee in the state of Tamil Nadu, and moderate financial risk profile.

### Analytical approach:

Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on October 04, 2024, the following were the rating strengths and weaknesses.

#### Key Weaknesses

##### Non-Integrated Nature of Operations and Inventory Price Risk

The firm's operations are non-integrated in nature with low value addition to the final product. SRC uses Butter as the primary raw material to manufacture ghee and stores approx. 90 days of Butter inventory. Due to the commoditized nature of operations and high inventory levels, any revision in the price of commodity can lead to inventory write downs impacting the profitability of the firm.

##### Operations concentrated in the state of Tamil Nadu with considerable dependence on a single product basket

The operations of the company are concentrated to the state of Tamil Nadu, thus exposing the company to socio-economic risks associated with the region. However, the firm plans to increase its sales to other states including Karnataka, Kerala, and Andhra Pradesh in the near term, which will aid the company in reducing geographical concentration risk associated with its operations. The company does not have diversified product lines resulting in over dependence on a single product. Any adverse change in consumption pattern of Ghee by the consumers may result in sharp revenue loss.

<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.

### Competition from established dairy players

The Dairy industry in India is characterized by intense competition and fragmentation, with the presence of established dairy companies as well as unorganized players. The firm faces competition from other established dairy players in the state who operate in the Branded Segment. The Competition limits the pricing power and the resultant profitability of the industry players in a market which is price sensitive in nature.

### Partnership Constitution of business

SRC, being a partnership firm, is exposed to the inherent risk of capital being withdrawn at time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of the partners. Furthermore, any substantial withdrawals from capital accounts would impact on the net worth and thereby the financial profile of the firm. Moreover, partnership firm business has restricted avenues to raise capital which could prove a hindrance to its growth.

### Key Strengths

#### Vast experience of the partners and long operational track record of the firm

SRC is promoted by six partners, who have experience of more than 20 years in the dairy processing industry. The managing partners of the firm are Mr. P Jaganathan and Mr. P Rangaraj. The partners have divided the various functions like Operations, Sales, Purchase and Marketing among themselves. The firm operates with a strong distribution network of 50 super stockists and about 1000 retailers and sells its product (ghee) under the brand name of "Udhaya Krishna" which has an established market position in Tamil Nadu State. The manufacturing facilities of the firm are Accredited with certifications such as ISO 22000:2005, Agmark standard grade, Halal India, fssai, HACCP, and Quest International etc.

#### Moderate Financial Risk Profile

The capital structure of SRC stood moderately leveraged with overall gearing of 1.38x as on March 31, 2023 (PY: 1.34x). In the past five years the Net worth of the firm more than doubled to Rs. 35.16 crores in FY23 from Rs. 14.33 crores in FY19 on back of healthy accretion to reserves. The Total Debt/ Gross Cash Accrual (TDGCA) ratio stood improved at 4.26x as on March 31, 2023 (PY: 5.24x). The interest coverage also stood comfortable at 5.35x in FY23 (PY: 4.31x). The firm has moderate term debt and relies on its working capital lines from the bank to manage its operations.

#### Steady growth in Scale of operations coupled with healthy Profitability Margins

The scale of operations has grown steadily, marked by growth in TOI at a CAGR of 8.72% during the past three financials years. The TOI of the company witnessed a robust growth of 41% during FY23 and stood at ₹203.24 crore (PY: ₹144.22 crore) aided by increase in sales volumes as well as realizations on back for stable demand for Dairy products. The sales volume of ghee which stood at 32.71 lakh kg in FY23 (FY22: 26.84 lakh kg). The sales realizations stood improved to Rs. 610 per kg in FY23 from Rs. 507 per kg in FY22. The PBILDT margins of the firm have remained healthy in the range of 9-10% for the past three years and stood at 9.52% in FY23. For 5MFY24, the firm had reported sales of ₹92.67 crores (Refers to the period April 01 to August 31).

### Assumptions/Covenants

Not Applicable

### Applicable criteria

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Definition of Default](#)

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

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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	Dairy Products

Sre Ram and Co (SRC) is a partnership firm established in the year 2000 by Mr. Jahanathan and his brother Mr. Rangaraj. The firm is engaged in processing and manufacturing of ghee from butter under the brand name of "Udhaya Krishna" which has an

established presence in the state of Tamil Nadu. Company has its manufacturing facility in Pollachi, Tamil Nadu with installed capacity of 25 metric tonnes per day. SRC has a cold storage facility of 1600 metric tonnes to store and preserve butter.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	144.22	203.14
PBILD	12.93	17.68
PAT	5.06	11.45
Overall gearing (times)	1.34	1.34
Interest coverage (times)	4.31	4.79

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

#### Status of non-cooperation with previous CRA:

CRISIL has placed the ratings of Sre Ram and Co under Issuer Non-Cooperation category vide PR dated February 17, 2025. Brickworks Ratings has placed the ratings of Sre Ram and Co under Issuer Non-Cooperation category vide PR dated October 08, 2025. The reason provided by Brickwork and CRISIL Rating is non-furnishing of information for monitoring of rating.

#### 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-Term Loan		-	-	December 2026	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ST-Working Capital Limits		-	-	-	40.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

## 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/ST-Working Capital Limits	LT/ST	40.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING * (04-Oct-24)	1)CARE BBB-; Stable / CARE A3 (06-Oct-23)	-
2	Fund-based - LT-Term Loan	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (04-Oct-24)	1)CARE BBB-; Stable (06-Oct-23)	-

\*Issuer did not cooperate; based on best available information.

LT: Long 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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	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](mailto:care@careedge.in) for clarifications.

## Contact us

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