Seetharama Oil Industries Private Limited

November 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	74.33 (Reduced from 84.00)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in rating assigned to bank facilities of Seetharama Oil Industries Private Limited (SOIPL) continues to remain constrained by the highly competitive and fragmented nature of the industry, moderate capital structure and debt coverage indicators, raw material price volatility, and stretched liquidity position. However, these constraints are partially offset by the company's improved scale of operations and profitability, favourable plant location in proximity to raw material sources, long-standing client relationships with moderate customer concentration risk, and extensive experience of promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving profitability margins marked by operating margins of above 5% and profit after taxation (PAT) margins of above 3%.
- Improving capital structure with overall gearing of below 1x and improvement in debt coverage metrics with interest coverage of above 4x.

Negative factors

- Decline in scale of operations by over 30% from envisaged level and decline in profitability margins as marked by profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 2.00% on a sustained basis.
- Elongation in the operating cycle of the company for over 100 days.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the company will continue to benefit from extensive experience of promoters to drive business growth in the medium term.

Detailed description of key rating drivers:

Key weaknesses

Highly competitive and fragmented nature of industry

The extraction industry in India is highly fragmented, characterised by the presence of numerous unorganised players in the lower end of the bulk segment and large, established players at the higher end of the market. This fragmentation is primarily driven by low entry barriers, including minimal capital and technical requirements, and a liberal policy regime. Consequently, smaller players possess limited bargaining power with customers and suppliers. Since most manufacturers offer similar products with little differentiation, the industry faces intense competition, leading to thin profit margins for majority players.

Moderate capital structure and coverage indicators

The company's debt profile primarily comprises term loan and working capital borrowings. The capital structure remained moderate, with an overall gearing ratio of 1.87x as on March 31, 2025, against 1.48x as on March 31, 2024. The total outside liabilities to total net worth (TOL/TNW) ratio also increased to 2.45x as on March 31, 2025 (PY: 1.89x), primarily due to higher utilisation of enhanced working capital limits in the year. Unsecured loans from the promoters and their relatives amounting to ₹8.32 crore as on March 31, 2025 have been treated as quasi equity for analytical purposes. The lender has stipulated subordination of these loans and restricted their withdrawal in the currency of the term loan. Debt coverage indicators remained moderate, with a total debt to gross cash accruals (TD/GCA) of 24.36x as on March 31, 2025 (PY: 28.72x) and a PBILDT interest coverage ratio of 1.83x in FY25, compared to 2.72x in FY24, reflecting the impact of increased borrowing levels and higher interest costs in the year.

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

Raw material cost volatility
Rice bran is the principal raw material for SOIPL, accounting for ~80-90% of the total raw material cost. As an agro-based commodity, availability and price of rice bran are inherently volatile and influenced by factors such as seasonal production patterns, demand-supply dynamics in the edible oil and feed industries, and pricing trends of substitute crops. Sharp increase in rice bran prices, without a corresponding increase in finished product prices, can exert pressure on the company's profitability margins. Given the limited ability to pass on input cost fluctuations in a competitive market, SOIPL remains exposed to raw material price risk.

Key strengths

Improved scale of operations and profitability
The company's total operating income (TOI) increased marginally from ₹101.61 crore in FY24 to ₹106.44 crore in FY25. The PBILDT margin improved to 4.39% in FY25 from 2.96% in FY24, primarily driven by the commencement of the new plant. The new facility offers better operational efficiency and higher extraction yields, leading to lower raw material consumption per unit of output. Consequently, raw material costs as a percentage of turnover moderated, resulting in improved profitability. With commencement of operations at the new unit, which has enhanced installed capacity and enabled backward integration into rice milling and forward integration into oil refining, the company expects an improvement in turnover, profitability margins, and product quality going forward. In 6MFY26, the company reported a turnover of ₹74.63 crore (turnover for the same period in FY25 was ₹41.49 crore), and the management expects a significant increase in revenue from FY26 onwards, as ~50% of the annual turnover is typically generated in the peak season in the last four months of the financial year.

Favourable location of the plant in the vicinity of raw material
SOIPL's manufacturing facility is at Rajam, Srikakulam District, Andhra Pradesh, surrounded by numerous rice mills operating in the region. The main raw material, rice bran, is primarily procured from neighbouring rice mills in Srikakulam and Vizianagaram districts, and from the adjoining state of Odisha. This proximity enables efficient procurement and transportation of raw materials, reducing lead time and logistics costs. The company's two key products are rice bran oil (RBO) and de-oiled rice bran (DORB). RBO is supplied to refineries across the country, with sales routed through commission agents. DORB is sold as aqua feed to fish farmers in the Godavari and Krishna districts, while DORB SF cake is sold to poultry farms.

Long-standing client relationship with moderate concentration risk
Over the years, promoters have established strong relationships with local rice millers, from whom majority raw materials are procured, and with oil refineries and aqua/poultry feed companies, which constitute the company's major customer base. The top five clients accounted for ~39% and 46% of the company's total revenue in FY24 and FY25, indicating an increase in client concentration risk. A significant portion of the orders is derived from Ashian Oils Private Limited. However, this risk is partially mitigated by the company's long-standing relationship of over six years with these key clients, who continue to provide repeat business.

Extensive experienced of promoters
SOIPL is a family-run business established by CH.V. Jagannadha Swamy, who possesses over five decades of industry experience. The company is presently managed by his sons, CH.V. Sri Ranganayakulu and CH.V. Ram Babu (Director), both of whom have over three decades of experience. They are further supported by the next generation, CH.V. Ram Siddhardha, CH.V. Bharath, and CH.V. Sanjai, who oversee day-to-day business operations. The management team is also assisted by a group of qualified managerial and technical personnel with relevant expertise in their respective domains. The company benefits from promoters' extensive industry experience and their long-standing relationships with key suppliers and customers.

Liquidity: Stretched
Liquidity remains stretched, as evidenced by high utilisation of working capital limits. As on March 31, 2025, the current ratio stood at 1.06x and the quick ratio at 0.56x. Average utilisation of working capital facilities was 91.03% for 12 months ended August 31, 2025. Gross current asset days remained elevated at ~150 days in the last two financial years, reflecting the working capital intensive operations. In FY25, cash flow from operations was positive at ₹3.26 crore, and the company maintained an unencumbered cash and bank balance of ₹0.51 crore as on March 31, 2025. There were no instances of overdrawing or reliance on ad-hoc credit limits in the year, indicating a degree of financial discipline.

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 goods	Fast moving consumer goods	Agricultural food & other products	Edible oil

SOIPL was incorporated on November 29, 2017, and is promoted by Venkata Jagannadha Swamy Chelikani, Managing Director, and his sons and grandsons. The company's manufacturing facility is in Srikakulam District, Andhra Pradesh, spread over an area of 22 acres. The facility houses an edible oil extraction unit with an installed capacity of 400 TPD (solvent extraction process), an edible oil refinery with a capacity of 125 TPD, and a rice mill with an installed capacity of 300 TPD. Other group entities include Seetharama Constructions and Sri Seetharama Jute Twine Mills Private Limited, both based in Rajam, Srikakulam District, Andhra Pradesh.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	6MFY26 (UA)
Total operating income	101.61	106.44	74.63
PBILDT	3.00	4.67	NA
PAT	0.81	1.29	NA
Overall gearing (times)	1.48	1.87	NA
Interest coverage (times)	2.72	1.83	NA

A: Audited; UA: Unaudited; NA: Not available; 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		-	-	-	40.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	30-09-2034	34.33	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	40.00	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Jan-25)	-	-
2	Fund-based - LT-Term Loan	LT	34.33	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Jan-25)	-	-

LT: Long 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.

Contact us

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About us:

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