

SRI VINAY AGRO FOOD INDUSTRIES

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	33.98	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	4.02	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to the bank facilities of Sri Vinay Agro Food Industries (SVAFI) is tempered by the short track record of operations, leveraged capital structure, weak debt coverage indicators coupled with a low net worth base, the constitution of the entity as a partnership firm, and its presence in the highly competitive and fragmented rice milling industry.

The rating, however, derives strength from the experienced and resourceful promoters with over one and a half decades of experience in the rice milling business, improved scale of operations, and the strategic location of the processing unit in Raichur district of Karnataka, which ensures close proximity to paddy procurement sources.

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 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 150 days

Analytical approach: Standalone

Outlook: Stable

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

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and moderate debt coverage indicators (FY25)- The entity's capital structure remains leveraged, with overall gearing consistently above 3x during the past two years, standing at 3.19x in FY25 (PY: 3.80x), reflecting high reliance on external borrowings. The gearing, however, improved from FY24 levels on account of increase in Infusion of unsecured loans by the promoters which are subordinated to bank. The overall leverage position is further reflected in TOL/TNW, which stood high although improved to 3.25x in FY25 (PY: 4.03x), it remains elevated. Debt coverage indicators also continue to be moderate. The firm's net worth base stood modest at ₹13.24 crore as on March 31, 2025.

Elongated operating cycle- The firm's operating cycle remains elongated at days in FY25, primarily owing to the seasonal nature of operations. The firm typically maintains inventory levels of around 3–4 months to support production during the off-season and meet customer demand during peak periods. Receivables are generally realised within around one month, while payments to creditors are largely settled in cash or within a week. Consequently, the firm's working capital limits remain highly utilised, primarily to fund bulk inventory procurement and ensure smooth operations throughout the year

Presence in a highly competitive and fragmented rice milling industry- SVAFI operates in the rice milling and processing industry, which is inherently exposed to agro-climatic risks and the seasonality of agricultural produce. The industry remains highly fragmented and competitive, characterised by low entry barriers and the presence of a large number of players across both the organised and unorganised segments. This fragmentation, coupled with government regulation of rice prices through the fixation of Minimum Support Price (MSP) to safeguard farmers' interests, constrains the pricing flexibility and procurement margins of industry participants.

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

Further, the sale of rice in the open market is regulated through quantity restrictions, linked to procurement targets set by the Government of India (GoI) for the central pool, which adds to operating uncertainties and limits volume flexibility for millers.

Constitution of the entity as a partnership firm- SVAFI, being a partnership firm, is exposed to inherent risks associated with this form of constitution, including the possibility of withdrawal of capital by partners in the event of personal contingencies and the risk of dissolution upon death, retirement, or insolvency of any partner, unless otherwise provided for in the partnership deed. Moreover, the partnership structure entails limited avenues for capital raising, which could constrain growth and financial flexibility over the medium term.

Key strengths

Experienced promoters- SVAFI is promoted by Mr. U. Veeresh, Mr. Janardhan Reddy (Managing Partner), Mr. U. Thimma Reddy, Mr. U. Ravi, and Mr. U. Nagaraj, who collectively possess over one and a half decades of experience in rice milling and trading of food grains. The promoters have established long-standing relationships with key suppliers, customers, local farmers, dealers, and brokers across the state and neighbouring regions, which supports stable procurement and offtake.

Location advantage with presence in the paddy-growing belt of Raichur- SVAFI's manufacturing facility is located in Raichur district, Karnataka, which is among the major paddy-growing regions in the state. The firm primarily procures paddy from local farmers and agents, resulting in lower transportation costs and ensuring adequate availability of raw material. The strategic location thus provides an operational advantage and supports cost-efficient procurement.

Improved scale of operations and satisfactory operating margins- During FY25, SVAFI reported a significant improvement in the scale of operations, with total operating income (TOI) increasing to ₹51.01 crore from ₹13.56 crore in FY24, primarily driven by the ramp-up in its rice processing operations. The improvement in scale translated into better operating profitability, with the PBILDT margin improving to 11.20% in FY25. However, profitability at the net level remained modest, with a PAT margin of 0.75%, impacted by high interest costs and depreciation associated with the recently commissioned project.

During 10MFY26, the entity continued to witness healthy traction in operations, reporting TOI of ₹92.07 crore. Operating profitability remained satisfactory, with a PBILDT margin of 7.89%. PBT stood at ₹2.74 crore during the period, reflecting an improvement driven by the higher scale of operations.

Liquidity: Stretched

The firm's liquidity profile remains stretched, marked by low cash and liquid investments of ₹1.07 crore as on March 31, 2025. The average utilisation of working capital limits remained high at around 95% over the 12 months ended January 2026. However, liquidity is supported by projected gross cash accruals of ₹4.32 crore in FY26, which are adequate to meet the modest debt repayment obligation of ₹2.20 crore in FY26. Further, the promoters are resourceful and have demonstrated the ability to infuse funds as and when required, providing additional comfort.

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](#)

[Short Term Instruments](#)

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 Food Industries (SVAFI) is a partnership incorporated on September 30, 2022, and has recently commenced its operations for rice processing with a capacity of 12 MT/hour from August 2024. It's a family business, with having five partners namely Sri Janardhan Reddy, Uppal Ravi, Uppal Thimmareddy, Uppal Veeresh & Uppal Nagaraj. The partners are having 1.5 decade of experience in the Rice Mill Industry. The firm has setup a Rice Mill unit in SSI sector at Sy No 190/4, 5,6 Manchalapur Road Raichur-584102, Karnataka. The product includes polished Rice and non-polished. Apart from rice processing, the firm is

also engaged in selling by-products such as broken rice, husk and bran. The main input, paddy, is directly procured from local farmers and agents located in and around Raichur District and the firm sells rice and other by-products majorly in the states of Karnataka and are also supplied to other adjoining states. The firm is also eligible for subsidy for newly setting up the rice mill in state of Karnataka.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	13.56	51.01	92.07
PBILDT*	0.78	5.71	7.27
Profit after tax (PAT)	0.09	0.38	-
Overall gearing (x)	3.80	3.19	-
Interest coverage (x)	1.04	1.83	-

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	-	21.87	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	August-2030	12.11	CARE BB-; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	4.02	CARE BB-; Stable / 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 - LT-Cash Credit	LT	21.87	CARE BB-; Stable	-	1)CARE BB-; Stable (06-Jan-25)	-	-

2	Fund-based - LT-Term Loan	LT	12.11	CARE BB-; Stable	-	1)CARE BB-; Stable (06-Jan-25)	-	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	4.02	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (06-Jan-25)	-	-

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	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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