



**Press Release**  
**Satyam Balajee Rice Industries Private Limited**  
**September 06, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	642.90	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	70.00	-	ACUITE A1   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	712.90	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating at '**ACUITE A-**' (read as **ACUITE A minus**) and short-term rating at '**ACUITE A1**' (read as **ACUITE A One**) on the Rs. 712.90 crore bank facilities of Satyam Balajee Rice Industries Private Limited. The outlook is '**Stable**'.

**Rationale for rating reaffirmation**

The recommendation factors in the experienced management and the established track record of operations in the same line of business along with improved operating and profitability margins. In addition, the liquidity profile of the company is adequate marked by net cash accruals of Rs.43.93 Cr. as on 31<sup>st</sup> March 2024 (Prov.). Going forward, the company is expected to generate net cash accruals under the range of Rs.50.00 Cr. against nil long term debt obligations during the period. However, the aforesaid factors are partly offset by the moderate financial risk profile exhibited by gearing which stood at 1.93 times as on 31st March 2024 (Prov.) and declined coverage indicators reflected by interest coverage ratio and debt service coverage ratio, which stood at 2.70 times and 2.29 times respectively as on 31st March 2024 (Prov.) as against 3.39 times and 2.77 times in FY2023. Further, working capital operations of the company are moderately intensive marked by GCA days which stood at 143 days as on 31st March 2024 (Prov.) as compared to 85 days as on 31st March 2023. Acuite notes that the exposure to agro commodity and forex risks as well as highly competitive and fragmented industry will remain a key sensitive factor.

**About the Company**

Raipur Based Satyam Balajee Rice Industries Private Limited (SBRIPL) erstwhile known as Satyam Balajee was established in 2005 by Mr. Purushottam Agarwalla and Mr. Pradeep Agarwalla, is engaged in the processing of parboiled and white rice in the non-basmati segment with the installed capacity of 115200 MTPA. The Company is a government recognized star export house. In the year 2015-16, Govt. of India recognized Satyam Balajee Rice Industries Private Limited as Four Star Export House, as well as top exporter of non-

basmati rice. The current directors of the firm are Mr. Purushottam Agarwalla, Mr. Pradeep Kumar Agarwal, Mr. Himanshu Ranjan Agrawal, Mr. Abhishek Ranjan Agrawal, Ms. Oshin Agrawal and Ms. Kajli Agarwal.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Satyam Balajee Rice Industries Private Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Long track record of operation and experienced management

The company was established in 1995 by Mr. Purushottam Agarwalla and Mr. Pradeep Agarwalla with an objective of engaging in the processing and export of non-basmati rice. The company has a significant reputation in the business due to the long track of operation in the rice milling industry. The promoters of SBR IPL have an experience of more than two decades in the rice milling business. Managing director, Mr. Purushottam Agarwalla, possesses an experience of almost three decades in the rice milling industry. Director, Mr. Pradeep Kumar Agarwalla also possesses an experience of more than two decades in the rice milling industry. The extensive experience of the management has helped the company establish long-term relations with suppliers resulting in a direct procurement of agricultural produce through local farmers and traders from Chhattisgarh, Andhra Pradesh, Jharkhand and West Bengal. Moreover, their experience has also helped in building healthy customer relations outside India. The company majorly exports to countries like Singapore, Switzerland and Bangkok, among others. Acuité believes that SBR IPL will continue to benefit from its established position in the market and experienced management.

#### Improved scale of operations coupled with improved profitability

The company reported operating revenue of Rs.2097.74 Cr. in FY 2024 (Prov.) as against Rs.2051.60 Cr. in FY 2023. The company witnessed improvement in the operating margin stood at 4.39% in FY 2024 (Prov.) against 3.06% in FY 2023 and PAT margin which stood at 1.98% in FY 2024 (Prov.) against 1.49% in FY 2023. The operating profitability improved due to better price realization in FY2024. Acuité expects going forward, the revenue of the company would grow at slow rate due to restrictions imposed by the government on the export of non-basmati rice.

### Weaknesses

#### Competitive and fragmented nature of business

Rice is a highly competitive industry due to low entry barriers, which results in intense competition from both the organized as well as unorganized players in the industry. The company is involved in the milling of rice and thus faces competition from large numbers of players into the similar business of rice milling especially given the geographical placement of the company.

#### Moderately Intensive Working Capital operations

The working capital operations of the company is moderately intensive marked by GCA days which stood at 143 days as on 31st March 2024 (Prov.) as compared to 85 days as on 31st March 2023. The debtor days of the company stood at 69 days as on 31st March 2024 (Prov.) against 13 days as on 31st March 2023 due to increase in export operations which has larger credit terms. The creditor days stood at 8 days as on 31st March 2024 (Prov.) against 6 days as on 31st March 2023. Further, the inventory holding stood at 75 days as on 31st March 2024 (Prov.) against 51 days as on 31st March 2023 due to incremental orders expected to be received in near term. The average fund based bank limit utilization of the company stood at 57.21% in last six months ended June 2024. However, the fund based facilities utilization has declined from the month of April 2024 onwards almost under the range of Rs.250 Crore to Rs.300 Crore out of the total sanctioned limits of Rs.660 Crore, which resulted into efficient utilization of the limits. Acuité believes that the working capital operations of the company will remain at similar levels in near to medium term.

#### Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net-worth of Rs.295.70 Crore as on 31st March 2024 (Prov.) against Rs.254.17 Crore as on 31st March 2023. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.569.89 Crore as on 31st March 2024 (Prov.) against Rs.267.41 Crore as on 31st March 2023. This incremental shift is due to inventory holding which is largely held in anticipation of newer orders to be received in near to medium term. The capital structure of the company is moderate marked by gearing ratio of the company which stood at 1.93 times

as on 31st March 2024 (Prov.) against 1.05 times as on 31st March 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio, which stood at 2.70 times and 2.29 times respectively as on 31st March 2024 (Prov.) as against 3.39 times and 2.77 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 2.09 times as on 31st March 2024 (Prov.) against 1.18 times as on 31st March 2023 and Debt-EBITDA of the company stood at 6.21 times as on 31st March 2024 (Prov.) against 4.26 times as on 31st March 2023. Acuité believes that the leverage structure of the company is expected to remain at similar levels in near to medium term.

### **Rating Sensitivities**

- Higher than expected growth in operating income and profitability margins.
- Improvement in working capital operations.
- Improvement in debt protection metrics.

### **Liquidity Position Adequate**

The liquidity profile of the company is adequate marked by net cash accruals of Rs.43.93 Cr. as on 31<sup>st</sup> March 2024 (Prov.) as compared to Rs.32.78 Cr. in FY23. Going forward, the company is expected to generate net cash accruals under the range of Rs.50.00 Cr. against nil long term debt obligations during the period. The current ratio of the company stood at 1.34 times as on 31st March 2024(Prov.) against 1.60 times as on 31st March 2023. Further, the cash and bank balance available with the company stood at Rs.2.47 Cr. as on 31st March 2024 (Prov.). Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against no debt repayments over the medium term.

### **Outlook: Stable**

Acuité believes that company's business risk profile is expected remain 'Stable' at the back of extensive promoter's experience in the rice milling industry and improving revenue and profitability. The outlook may be revised to 'Positive' in case of higher than expected improvement in revenue and accruals while improving their working capital cycle and capital structure. Further, the outlook may be revised to 'Negative' in case of a sharp decline in accruals, a decline in profitability margin or further elongation in the working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	2097.74	2051.60
PAT	Rs. Cr.	41.53	30.59
PAT Margin	(%)	1.98	1.49
Total Debt/Tangible Net Worth	Times	1.93	1.05
PBDIT/Interest	Times	2.70	3.39

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Jun 2023	Cash Credit	Long Term	230.30	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	49.70	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	95.00	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	22.90	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	49.70	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	45.30	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Cash Credit	Long Term	50.00	ACUITE A-   Stable (Assigned)
	Stand By Line of Credit	Short Term	40.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1 (Assigned)
05 May 2022	Stand By Line of Credit	Short Term	20.00	ACUITE A1 (Assigned)
	Term Loan	Long Term	2.98	ACUITE A (Upgraded & Withdrawn from ACUITE A-   Stable)
	Term Loan	Long Term	12.59	ACUITE A (Upgraded & Withdrawn from ACUITE A-   Stable)
	Cash Credit	Long Term	230.30	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	49.70	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	95.00	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Proposed Long Term Bank Facility	Long Term	22.33	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	49.70	ACUITE A   Stable (Assigned)
	Cash Credit	Long Term	45.30	ACUITE A   Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE A   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	20.57	ACUITE A   Stable (Assigned)
	Term Loan	Long Term	2.98	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	12.59	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Proposed Long Term	Long		ACUITE A-   Stable (Upgraded from

31 May 2021	Bank Facility	Term	22.33	ACUITE BBB+   Stable)
	Cash Credit	Long Term	95.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Cash Credit	Long Term	49.70	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Cash Credit	Long Term	230.30	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	300.00	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	125.00	ACUITE A-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	145.00	ACUITE A-   Stable   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A1   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	22.90	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A1   Reaffirmed



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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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