Press Release

SHREYAS SORTEX INDUSTRIES PRIVATE LIMITED
April 07, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE A- | Stable | Assigned	-
Bank Loan Ratings	156.00	ACUITE A- | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	181.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE A-' (read as ACUITE A minus)**on the Rs.156 Cr. bank facilities of Shreyas Sortex Industries Private Limited (SSIPL). The outlook is **'Stable'.**
Further, Acuité has assigned its long-term rating of **'ACUITE A-' (read as ACUITE A minus)**on the Rs.25 Cr. bank facilities of Shreyas Sortex Industries Private Limited. The outlook is **'Stable'.**

Rationale for rating
The rating reaffirmation takes into account the steady growth in the revenues in 9MFY25 driven majorly by the increased demand of basmati rice and stable realisations. Further, the 9MFY25 margins have also improved marginally on account of efficiency of operations.
Moreover, the rating continues to factor in the established brand presence of the company in domestic market, healthy financial risk profile and strong liquidity. The working capital however remains intensive owing to the practice of maintaining aged inventory for higher premiums. However, the business continues to remain susceptible to agro-climatic risk thereby affecting the availability of raw materials and vulnerability of prices to government regulations.

About the Company

Incorporated in 2015, Shreyas Sortex Industries Private Limited (SSIPL) is engaged in milling and processing of basmati and non-basmati rice. The manufacturing facility of the company is located at Balia in Uttar Pradesh, equipped with an installed capacity of 74 MTPA (increased from 54 MTPA in September, 2024). The rice is procured from various stockists or from mandi, processed and is further sold under its own brands viz. Suhela and Shreyas across various parts of India with highest presence in Northern region followed by Eastern states like Bengal and Assam; and further Southern and Western region. The company is currently managed by Mr. Vinay Kumar Singh and Mr. Tara Singh.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of SSIPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The company is promoted by family having rich experience in manufacturing of basmati and non-basmati rice. Their experience has lead to improvement in scale of operations year on year and established relations with their suppliers and customers which ensures the continuous growth in the operations of the business.

Growing scale of operations & profitability

The company is dependent on paddy which comprises the primary raw material for milling & processing of rice, which is also in turn differs in terms of quality, depending upon the type of rice to be milled. SSIPL's revenue stood increased to Rs.1,464.11 Cr. in FY24 as against Rs.1,050.21 Cr. in FY23 on account of high sales of basmati rice due to increase in domestic demand. Further, the rice production in India also stood better on account

of better acreage coupled with increasing demand in the country especially in Eastern and Northern region. Further, promoted by increasing volumes and stable realizations, the company has recorded revenue of Rs.2,124.89 Cr. as on 28th February, 2025.
The EBIDTA margin of the company increased from 3.29% in FY23 to 7.56% in FY24 on the account of higher revenue contribution from aged rice (12 months of ageing). The higher revenues positively affect the absorption of employees and other costs which resulted in higher margins. The PAT margin stood at 4.63% in FY24 as against 1.47% in FY23.

Healthy financial risk profile

The company's financial risk profile is marked by healthy net worth, gearing and debt protection metrics. The tangible net worth of the company improved to Rs.182.37 Cr. as on 31st March, 2024, from Rs.69.72 Cr. as on 31st March, 2023, due to accretion of profits in reserves and treatment of unsecured loans as quasi equity. This coupled with decrease in debt led to improvement in the gearing to 0.86 times as on 31st March, 2024 as against 2.92 times as on 31st March, 2023. The debt protection metrics of the company is also stood comfortable marked by Interest Coverage Ratio (ICR) at 6.89 times and Debt Service Coverage Ratio (DSCR) at 4.22 times as on 31st March, 2024. Going forward the financial risk profile of the company will improve backed by steady accruals.

Weaknesses

Moderate working capital operations

The moderate working capital management of the company is marked by Gross Current Assets (GCA) of 121 days as on 31st March, 2024 as compared to 91 days as on 31st March, 2023. The GCA days are moderate on account of inventory days which are high at 115 days due to ageing. Further, the working capital operations of the company will remain almost at the same levels as company is charging premiums based on ageing of the inventory. The company takes 30 day's credit period from their suppliers. The enhanced limits of Rs. 25 Cr. for short-term funds shall help in the collection period owing to cash discounts /rebates will be offered to the customers. More than 99% of the debtors are within 3 months as on 31st December, 2025.

Fragmented nature of industry and regulatory risk

The rice industry has an intense competition due to low entry barriers which limits the price fixing of the product. In addition to that, government influences the price of the rice in the market by declaring the MSP (Minimum Support Price) which may affect the profitability of the rice miller.

Rating Sensitivities

- Continued growth in scale of operations at stable margins.
- Deterioration of financial risk profile due to inadequate cash accruals or debt funded capex.
- Elongation in the working capital operations.

Liquidity Position

Strong

The company has strong liquidity marked by sufficient net cash accruals to its maturing debt obligations. The net cash accruals of the company stood at Rs.72 Cr. against debt repayment obligation of Rs.4.73 Cr. in FY24. Going forward, the net cash accruals are expected to be in the range of Rs.115-120 Cr. through FY2025-27 against repayment obligations of Rs.3.50-3.80 Cr. The working capital operations of the company are moderate in nature with GCA of 121 days in FY24. Therefore, the reliance on working capital limits is also moderate at 72.66% utilisation levels for last 7 months ending February 2025. The company has cash and bank balance of Rs.5.90 Cr. and current ratio of 1.50 times as on 31st March, 2024.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1464.11	1050.21
PAT	Rs. Cr.	67.86	15.42
PAT Margin	(%)	4.63	1.47
Total Debt/Tangible Net Worth	Times	0.86	2.92
PBDIT/Interest	Times	6.89	3.76

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

Not Applicable.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Aug 2024	Cash Credit	Long Term	150.00	ACUITE A- | Stable (Assigned)
	Term Loan	Long Term	3.53	ACUITE A- | Stable (Assigned)
	Term Loan	Long Term	1.15	ACUITE A- | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.32	ACUITE A- | Stable (Assigned)
17 Mar 2023	Cash Credit	Long Term	50.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	16.26	ACUITE Not Applicable (Withdrawn)
	Proposed Cash Credit	Long Term	3.74	ACUITE Not Applicable (Withdrawn)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	05 Feb 2025	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE A- | Stable | Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	05 Feb 2025	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A- | Stable | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A- | Stable | 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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