



## Press Release

### SURYA TEJA RAW AND BOILED RICE INDUSTRIES PRIVATE LIMITED

March 20, 2025

### Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.50	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	35.00	ACUITE BB+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	43.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

## Rating Rationale

Acuite has reaffirmed its long-term rating at '**ACUITE BB+**' (read as **ACUITE Double B plus**) on Rs. 35.00 crore bank facilities of Surya Teja Raw and Boiled Rice Industries Private Limited (STRBRIPL). The outlook remains '**Stable**'.

Acuite has also assigned a long-term rating of '**ACUITE BB+**' (read as **ACUITE Double B plus**) on Rs. 8.50 crore bank facilities of Surya Teja Raw and Boiled Rice Industries Private Limited (STRBRIPL). The outlook is '**Stable**'.

### Rational for rating reaffirmation

The rating reaffirmation considers STRBRIPL's improved revenues amidst moderations in profitability margins, efficient working capital management and its adequate liquidity position. The rating continues to derive comfort from the experienced management and long operational track record. However, the rating is constrained by the competitive nature of the industry as well as susceptibility of profitability due to volatility in raw material prices.

### About the Company

Based in Telangana, Surya Teja Raw and Boiled Rice Industries Private Limited (STRBRIPL) was incorporated in 2008 by Mr. Murali Mohan Jaini and Ms. Gunda Shailaja. The company is engaged in milling and processing of paddy into rice, rice bran, broken rice, and husk. The unit is in Yadgarpally Village, Miryalguda (Mandal), Telangana, a predominantly a paddy-growing area.

### Unsupported Rating

Not Applicable

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of STRBRIPL for arriving at the rating.

## Key Rating Drivers

### Strengths

#### **Established market position and long track record of operations**

STRBRIPL is incorporated in 2008 by Mr. J. Murali Mohan and Ms. Shailaja Gunda is engaged in rice milling activity. The company's rice mill is located at Yadgarpally Village in Miryalaguda, Telangana. Promoters of the company has more than 15 years of experience in rice milling business. Company's rice mill is located at proximity to paddy growing area and has adequate paddy availability throughout the year. Promoters of the

company has long experience in paddy milling which has helped them in maintaining good relationship with farmers and distributors. Company has a milling capacity of 9.6 lakhs quintals per annum and equipped with machinery for milling both raw and boiled rice. Almost 70 percent of raw material procurement is through local market in Nalgonda district and balance procured from other districts in TS and Karnataka. Company markets its products under the brand name 'Joker rice'.

Acuite believes that company will continue to benefit from extensive experience of the promoters and established track record of operations in rice milling industry in near to medium term.

#### **Location advantage of the Rice Mill**

Company's Rice Mill is located at Miryalaguda, Telangana which is one of the largest rice mill hubs in India with around 170 rice mills. Factory is surrounded by paddy fields fuelled by the good irrigation facility and close proximity to procurement facilities. The area is well connected with road network for supply and procurement of finished goods and raw materials and has adequate availability of both skilled and unskilled workers. Acuite believes that company may continue to benefit from its location advantage going forward.

#### **Improvement in revenues amidst moderation in profitability margins**

The revenue of the company increased and stood at Rs. 225.09 crore in FY24 compared to revenue of Rs. 183.94 crore in FY23. The revenue of the company improved on account of increase in price realization as well as increased production capacity. STRBRIPL has reported a revenue of Rs. 251.06 crore in 11MFY25. The operating profit margin of the company stood at 2.72 percent in FY24 compared to 2.42 percent in FY23. The operating profitability margins of the company are directly attributed to the fluctuations in the paddy prices. The PAT margin of the company stood improved at 0.54 percent in FY24 compared to 0.38 percent in FY23. Acuite believes, company's operating performance would remain steady over the medium term on the back of improvement in revenues.

#### **Efficient working capital operations**

STRBRIPL has efficient working capital operations as reflected by the gross current asset (GCA) days of 72 days in FY2024 against 93 days in FY2023. Inventory days stood at 42 days in FY2024 against 46 days in FY2023. The average inventory holding period of the company is around 30- 60 days. The debtor days stood at 29 days for FY24 against 41 days in FY23. The average credit period allowed to the customers is around 30-60 days. The creditor days of the company stood at 19 days for FY24 as against 69 days in FY23. The average credit period allowed by the suppliers is around 40-60 days. The average bank limit utilization for 06 months period ended February 2025 stood at ~56.17 per cent for fund-based limits. Acuite believes that the working capital cycle of the company will remain on a similar level in the medium to long term.

### **Weaknesses**

#### **Moderate financial risk profile**

STRBRIPL has a moderate financial risk profile marked by average net worth, high gearing and moderate debt protection metrics. The company's net worth stood at Rs. 11.72 crore as of March 31, 2024, against Rs. 10.50 crore as of March 31, 2023. The company's gearing stood higher at 2.71 times as on March 31, 2024 as against 1.36 times as on March 31, 2023. The company's total debt as on March 31, 2024 stood at Rs. 31.80 crore as compared to Rs. 14.23 crore as on March 31, 2023; comprising of long-term debt of Rs. 1.62 crore, short-term debt of Rs. 22.52 crore, USL from directors of Rs. 7.14 crore and maturing debt obligations of Rs. 0.53 crore for the same period. The interest coverage ratio of the company stood at 2.75 times in FY24 against 3.05 times in FY23. DSCR stood at 2.08 times in FY2024 against 2.84 times in FY2023. Acuite believes that the ability of STRBRIPL to improve its financial risk profile over the medium term will remain a key rating sensitivity factor.

#### **Susceptibility of profitability to fragmented industry and fluctuations in raw material prices**

The company operates in a highly competitive and fragmented industry and faces tough competition from various established brands in the rice milling industry as well as several unorganized players, which can have an impact on the bargaining powers with the customers and hence on the margins. The profitability margins are also susceptible to raw material price fluctuation.

#### **Rating Sensitivities**

- Continuous improvement in revenues and profitability margins
- Deterioration in working capital cycle
- Changes in financial risk profile

## **Liquidity Position**

### **Adequate**

Liquidity is adequately backed by STRBRIPL's net cash accruals, which stood at Rs. 3.13 crore as on March 31, 2024, against maturing debt repayment obligation of Rs. 0.34 crore for the same period. Going forward the NCA are expected in the range of Rs. 4.10 to Rs. 4.55 crore for period FY2025-FY2026 against its repayment obligation of around Rs. 0.53 crore to Rs. 1.82 crore during the same period. The cash and bank balances of the company stood at Rs. 0.24 crore as on March 31, 2024. The current ratio stood at 1.29 times as on March 31, 2024. The average bank limit utilization for 06 months period ended February 2025 stood at ~56.17 per cent for fund-based limits.

Acuité believes that going forward the liquidity of STRBRIPL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations for the same period.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	225.09	183.94
PAT	Rs. Cr.	1.22	0.70
PAT Margin	(%)	0.54	0.38
Total Debt/Tangible Net Worth	Times	2.71	1.36
PBDIT/Interest	Times	2.75	3.05

### 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, 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	
21 Dec 2023	Cash Credit	Long Term	18.00	ACUITE BB+	Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BB+	Stable (Assigned)
	Proposed Long Term Loan	Long Term	8.00	ACUITE BB+	Stable (Assigned)
	Proposed Cash Credit	Long Term	7.00	ACUITE BB+	Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	16 Nov 2022	Not avl. / Not appl.	16 Nov 2028	2.00	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	16 Nov 2022	Not avl. / Not appl.	16 Nov 2028	0.80	Simple	ACUITE BB+   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	22 Mar 2024	Not avl. / Not appl.	22 Mar 2030	7.70	Simple	ACUITE BB+   Stable   Assigned

## Contacts

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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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