



Press Release
PADMASRI RICE INDUSTRIES PRIVATE LIMITED
March 25, 2025
Rating Assigned and Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|------------------|----------------------------------|-------------------|
| Bank Loan Ratings | 5.00 | ACUITE BB- Stable Assigned | - |
| Bank Loan Ratings | 36.00 | ACUITE BB- Stable Reaffirmed | - |
| Total Outstanding Quantum (Rs. Cr) | 41.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed its long-term rating of **ACUITE BB- (read as ACUITE Double B Minus)** on Rs. 36.00 crore bank facilities of Padmasri Rice Industries Private Limited (PRIPL). The outlook is '**Stable**'. Further, Acuite has also assigned a long term rating of **ACUITE BB- (read as ACUITE Double B Minus)** on Rs. 5.00 crore bank facilities of Padmasri Rice Industries Private Limited (PRIPL). The outlook is '**Stable**'.

Rational for rating reaffirmation

The rating reaffirmation considers PRIPL's stabilised operating performance, adequate liquidity position and average financial risk profile. The rating continues to draw comfort from the established experience of the management and location advantage. However, the rating is constrained by its moderately intensive working capital management, the competitive nature of the industry as well as susceptibility of profitability due to volatility in raw material prices.

About the Company

Telangana based, Padmasri Rice Industries Private Limited (PRIPL) incorporated in 2023. The company is engaged in the Rice milling and other related activities. The current Director of company is Mr. Murali Mohan Jaini, Mr. Paidimarry Ranganadh and Mr. Yadagiri Pabba.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of PRIPL.

Key Rating Drivers

Strengths

Experienced promoters and location advantage of the Rice Mill

Padmasri Rice Industries Private limited (PRIPL) was initially established as a partnership firm in February 2021 and later converted into Private limited company in September'2023. Company is promoted by Mr. Murali Mohan Jaini and Mrs.Shailaja Jaini and is engaged in rice milling activity. Promoters of the company has extensive experience in rice milling business. Company's factory is located at Miryalaguada, Telangana with annual milling capacity of four lakh quintals. Miryalaguda, TS that is one of the largest rice mill hubs in India which 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 worker. Products of the company includes lashkari rice, HMT, R&R, BPT and other variety of rice. Acuite believes that company will continue to benefit from extensive experience of the promoters and location advantage of its Rice mill in near to medium term.

Stabilization of operations

The revenue of the company increased and stood at Rs. 89.19 Crore in FY24 compared to revenue of Rs. 48.27 crore in FY23. PRIPL has recorded a revenue of Rs. 93.28 crores in 10MFY25. The operating profit margin of the company stood at 7.30 percent in FY24 compared to 10.93 percent in FY23. The operating profitability margins of the company are directly linked to the fluctuations in the paddy prices. The PAT margin of the company stood at 0.40 percent in FY24 compared to 0.45 percent in FY23. Acuite believes that the operations of the company will remain stable over the medium term on account of experience promoters and location advantage of its factory unit.

Average financial risk profile

PRIPL has an average financial risk profile marked by low net worth, high gearing and moderate debt protection metrics. The company's net worth stood at Rs. 8.35 crore as of March 31, 2024, against Rs. 10.89 crore as of March 31, 2023. PRIPL got converted into a Private Limited Company from a Partnership firm in September 2023. Post-conversion of the company the existential partner's capital of Rs. 10.89 crores got converted into Rs. 8.00 crores fully paid up capital and Rs. 2.89 crores converted into USL from Directors bearing interest at 9 per cent. The company's gearing stood higher at 3.72 times as on March 31, 2024 as against 1.58 times as on March 31, 2023. The company's total debt as on March 31, 2024 stood at Rs. 31.07 crores as compared to Rs. 17.22 crores as on March 31, 2023; comprising of long-term debt of Rs. 10.85 crores, short term debt of Rs. 12.93 crores, USL from directors of Rs. 4.99 crores and maturing debt obligations of Rs. 2.29 crores for the same period. The interest coverage ratio of the company stood at 2.61 times in FY24 against 2.79 times in FY23. DSCR stood at 2.55 times in FY2024 against 2.79 times in FY2023. Acuite believes that the ability of PRIPL to improve its financial risk profile over the medium term will remain a key rating sensitivity factor.

Weaknesses

Moderately Intensive Working capital operations

PRIPL has moderately Intensive working capital operations as reflected by the gross current asset (GCA) days of 101 days in FY2024 against 65 days in FY2023. Inventory days stood at 66 days in FY2024 against 19 days in FY2023. The average inventory holding period of the company is around 60- 90 days. The debtor days stood at 38 days for FY24 against 35 days in FY23. The average credit period allowed to the customers is around 30-60 days. The creditor days of the company stood at 22 days for FY24 as against 56 days in FY23. The average credit period allowed by the suppliers is around 30-60 days.

Acuite believes that the working capital cycle of the company will remain on a similar level in the medium to long term.

Susceptibility of profitability to competitive 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. Profitability margins are also susceptible to raw material price fluctuation and on the proportion of trading and processing activities of the company.

Rating Sensitivities

- Consistent Improvement in revenues and profitability margins
- Further elongation in working capital cycle leading to stretch in liquidity
- Deterioration in financial risk profile

Liquidity Position Adequate

Liquidity is adequately backed by PRIPL's net cash accruals, which stood at Rs. 3.95 crores as on March 31, 2024, against maturing debt repayment obligation of Rs. 2.29 crore for the same period. Going forward the NCA are expected in the range of Rs. 3 to Rs. 4 crores for period FY2025-FY2026 against its repayment obligation of around Rs. 2 crores during the same period. The cash and bank balances of the company stood at Rs. 0.06 crore as on March 31, 2024. The current ratio stood at 1.26 times as on March 31, 2024. The average bank limit utilization for 08 months period ended January 2025 stood at ~39.39 per cent for fund-based limits.

Acuite believes that going forward the liquidity of PRIPL 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. | 89.19 | 48.27 |
| PAT | Rs. Cr. | 0.35 | 0.22 |
| PAT Margin | (%) | 0.40 | 0.45 |
| Total Debt/Tangible Net Worth | Times | 3.72 | 1.58 |
| PBDIT/Interest | Times | 2.61 | 2.79 |

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.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|----------------------------------|-----------|-----------------|--------------------------------|
| 26 Dec 2023 | Term Loan | Long Term | 16.00 | ACUITE BB- Stable (Assigned) |
| | Cash Credit | Long Term | 7.00 | ACUITE BB- Stable (Assigned) |
| | Proposed Long Term Bank Facility | Long Term | 13.00 | ACUITE BB- Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------------|----------------------|-------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|----------------------------------|
| Union Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 20.00 | Simple | ACUITE BB- Stable Reaffirmed |
| Union Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00 | Simple | ACUITE BB- Stable Assigned |
| Union Bank of India | Not avl. / Not appl. | Term Loan | 29 Apr 2021 | Not avl. / Not appl. | 29 Apr 2030 | 16.00 | Simple | ACUITE BB- Stable Reaffirmed |

Contacts

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About Acuité Ratings & Research

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