

Press Release
SRI RAMALINGESWARA MODERNRICE MILL
September 05, 2025
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Bank Loan Ratings	81.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	81.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs.81.00 Cr. bank facilities of Sri Ramalingeswara Modernrice Mill (SRMM). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the firm's established operational track record, the extensive experience of its promoters in the rice milling sector and brand recognition of its 'Cow and Calf' label in Andhra Pradesh and adjoining markets. The rating also draws support from the location advantage with milling operations located in the leading paddy growing regions, ensuring steady raw material availability, improvement in operating performance and above average financial risk profile. However, the rating is constrained by moderately intensive working capital operations, fragmented and competitive nature of rice milling sector, risk of capital withdrawal and susceptibility to fluctuations in paddy prices and government policies.

About the Company

Sri Ramalingeswara Modernrice Mill (SRMM) is a partnership firm established in 1982, located in Penuguduru, East Godavari district of Andhra Pradesh. Founded by Mr. S Krishna Reddy, the firm is currently managed by T. Veera Raghava Reddy. SRMM is engaged in rice milling operations, specialized in the production of parboiled and steam rice, with processing capacity of 172800 metric tons per annum. The firm markets its parboiled and steam rice under its brand name "Cow and Calf", caters primarily to the retail traders. Additionally, by-products such as broken rice and ravva are also sold under same brand through e-commerce platforms and retail traders across Andhra Pradesh and Telangana states.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered standalone business and financial risk profiles of Sri Ramalingeswara Modernrice Mill while arriving at the rating.

Key Rating Drivers

Strengths

Extensive industry experience of partners

The firm benefits from the extensive experience of its promoters, Mr. Krishna Reddy and Mr. T Veera Raghava Reddy, who have been engaged in the rice milling and trading business for over four decades. The partners understanding of the paddy procurement ecosystem in Andhra Pradesh, coupled with established relationships with farmers, commission agents and wholesale buyers has helped in developing recognition for their brand "Cow and calf across Andhra Pradesh and adjoining states. The firm's operational track record spanning over four decades reflects its ability to maintain stable business operations despite the inherent volatility of commodity- linked nature of the sector. Acuite believes, the experience of the partners and established market presence will benefit

the firm's in maintaining its business profile.

Locational advantage for paddy procurement

SRMM's milling facilities are located in East Godavari, Andhra Pradesh, one of the leading paddy-growing states in India. The region benefits from the fertile Godavari and Krishna delta belts, supported by canal based irrigation and favourable agro-climatic conditions, ensuring abundant and sustained availability of paddy across multiple crop seasons. The proximity of the mill to major paddy producing locations and established linkages with local farmers and commission agents further strengthen raw material procurement ability. Acuite believes, the locational advantage along with strong local procurement relationships built over four decades, provides the firm with a stable supply of paddy.

Stable revenue growth and moderate operating margins

The firm reported revenue of Rs.392.24 Cr. in FY2025 (Prov.), registering a growth rate of ~10.75 percent from Rs.354.24 Cr. in FY2024 and Rs.349.69 Cr. in FY2023. The improvement in revenue during FY2025 was due to higher capacity utilization led by addition of new customers. The average capacity utilization has improved to ~75 percent during FY2025 from ~67 percent in FY2024 & FY2023. Further, in 4MFY2026 the firm has registered revenue of Rs.135.07 Cr. as against ~Rs.134 Cr. in 4MFY2025 and expected to close the year with the revenue of Rs.430-435 Cr. The operating profit margin has improved to 3.93 percent in FY2025 (Prov.), compared to 2.99 percent in FY2024 and 2.55 percent in FY2023. The improvement in operating margins is driven by better absorption of fixed overheads at higher volumes and favourable realizations. In 4MFY2026 the firm has registered operating profit of 4.37 percent. Consequently, the PAT margins improved to 1.30 percent in FY2025 (Prov.) compared to 0.91 percent in FY2024 and 0.85 percent in FY2023. Despite the improvement, the margins remain modest owing to the inherently thin margins in the rice milling industry. Acuite believes, the operating risk profile will show stable growth over the medium term, supported by established procurement network and steady demand for the rice.

Above-average financial risk profile:

SRMM's financial risk profile is above-average, marked by moderate net worth, moderate gearing and above average debt protection metrics. The firm's net worth stood at Rs.79.53 Cr. as on March 31, 2025 (Prov.) against Rs.74.43 Cr. as on March 31, 2024 and Rs.71.22 Cr. as on March 31, 2023. The improvement in net worth is due to accretion of profits to reserves during the period. The total debt level of the firm comprising majorly of short-term debt of Rs.80.38 Cr, remained at Rs.80.55 Cr. as on March 31, 2025 (Prov.) against Rs.80.13 Cr. as on March 31, 2024 and Rs.78.64 Cr. as on March 31, 2023. Debt to equity stood at 1.01 times as on March 31, 2025 (Prov.) as against 1.08 times as on March 31, 2024 and 1.10 times as on March 31, 2023. The debt protection metrics stood above average with interest coverage ratio (ICR) of 2.05 times in FY2025 (Prov.) against 1.53 times in FY2024 and 1.57 times in FY2023 and debt service coverage (DSCR) of 1.75 times in FY2025 (Prov.), 1.51 times in FY2024 and 1.57 times in FY2023. Debt to EBITDA improved to 5.15 times as on March 31, 2025 (Prov.) compared to Rs.6.78 times as on March 31, 2024 and 7.18 times as on March 31, 2023. Acuite believes, the gearing and debt protection metrics are expected to improve on account of improving profitability and no plans of major debt-funded capex in near to medium term.

Weaknesses

Moderately intensive working capital operations

The firm's working capital operations are moderately intensive in nature as reflected through the gross current days (GCA) days of 147 days in FY2025 (Prov.) against 156 days in FY2024 and 151 days in FY2023. The elongation in GCA days is due to high inventory days, which stood at 89 days in FY2025 (Prov.) compared to 111 days in FY2024 and 110 days in FY2023. The seasonal procurement, processing lead times and the product mix buffer contribute to a high inventory holding periods. The firm allows 15 days credit period for its customers resulting in lower debtor days of 6 days in FY2025 (Prov.) against 11 days in FY2024 and 8 days in FY2023. Further, makes advance payment with the suppliers. The current ratio stood at 1.88 times as on March 31, 2025 (Prov.) against 1.82 times as on March 31, 2024 and 1.80 times as on March 31, 2023. The fund based working capital limits were utilized at an average of ~90 percent over the past 12 months ending July 2025. Acuite believes, the working capital operations are expected to remain moderately intensive due to nature of the operations.

Inherent risk of capital withdrawal

Being a partnership firm, SRMM remains exposed to the inherent risk of capital withdrawals by the partners, which could impact the net worth and financial flexibility of the entity. However, the risk is partially mitigated as there have been minimal capital withdrawals by the partners during the last two years.

Exposure to agro-climatic conditions, raw material price volatility and regulatory risks

The operations of Sri Ramalingeswara Modernrice Mill are exposed to agro-climatic risks, as paddy availability and quality largely depend on monsoon patterns and regional climatic conditions. Further, profitability is susceptible to fluctuations in raw material prices, as paddy procurement costs and realizations are influenced by

demand-supply dynamics. In addition, the industry is subject to government regulations relating to minimum support prices (MSP), levy obligations and export/import policies, which can have a direct bearing on input costs and operating margins.

Rating Sensitivities

- Sustained revenue growth, while maintaining the operating margins
- Improvement in working capital management
- Any large debt funded capex, impacting the financial risk profile and liquidity

Liquidity position: Adequate

The firm registered net cash accruals (NCA) of Rs.5.84 Cr. in FY2025 (Prov.) against the nominal debt repayment obligation of Rs.0.08 Cr. Further, the firm is estimated to register NCA in the range of Rs.7.5-9.4 Cr. over the medium term against the expected nominal debt repayment Rs.0.08-0.07 Cr. for the same period. The firm's working capital operations are moderately intensive in nature with GCA days of 147 days in FY2025 (Prov.) and current ratio stood at Rs.1.88 times as on March 31, 2025 (Prov.). The fund based working capital limits are highly utilized at an average of ~90 percent over the past 12 months ending July 2025. The firm has unencumbered cash and bank balances of Rs.7.72 Cr, which provides additional support towards short-term liquidity.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	392.24	354.24
PAT	Rs. Cr.	5.10	3.21
PAT Margin	(%)	1.30	0.91
Total Debt/Tangible Net Worth	Times	1.01	1.08
PBDIT/Interest	Times	2.05	1.53

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

None

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

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Rating History :

Not applicable

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.	81.00	Simple	ACUITE BBB- Stable Assigned

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