Sree Murali Mohana Boiled and Raw Rice Mill Pvt. Ltd

September 19, 2025

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	261.50* (Enhanced from Rs 192.00 crore)	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed and Outlook Revised from Stable to Positive	Simple
Short Term bank Facilities	100.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating re-affirmed	Simple
Total	**361.50**	**Rupees Ninety-Four Crores and Forty Six lakhs Only.**			

*Includes Proposed Cash Credit of Rs. 50.00 Crore

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) have re-affirmed the long/Short Term rating to IVR Triple B Plus along with a change in outlook from Stable to Positive & IVR A2 for the bank loan facilities of Sree Murali Mohana Boiled and Raw rice Mill Private Limited (SMMBRRMPL).

The re-affirmation of the ratings assigned to the bank facilities of Sree Murali Mohana Boiled and Raw Rice Mill Pvt. Ltd (SMMBRRMPL) continue to derive strength from the vast experience of the management and established track record of operations satisfactory capital structure and interest coverage ratio, moderate working capital cycle and steady demand outlook for rice. However, these ratings strengths are partially constrained due to the susceptibility to agro climatic risk, regulatory risk and forex fluctuation risk, thin profit margins, intense competition in domestic and export market.

The positive outlook reflects the improvement in the business performance in Q1FY26 of the company and driven by stabilisation of enhanced capacity. Further, the company will benefit from the extensive experience of the promoters in the rice industry.

IVR has principally relied on the standalone audited financial results of SMMBRRMPL up to FY25(A) (review period from April 01, 2024, to March 31, 2025) and three years projected financials till FY28, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of business with TOI over Rs.1200.00 crores with further improvement in profitability margins thereby leading to overall improvement in cash accruals.
- Sustenance of the capital structure and improvement in debt protection metrics with ISCR over 1.90x on a sustained basis.
- Managing working capital requirement efficiently leading to improvement in the operating cycle with improvement in liquidity.

Downward Factors

- Moderation in total operating income and/or moderation in profitability due to decline in sales.
- Moderation in the capital structure with moderation in overall gearing above 2.00x and/or moderation in debt protection metrics with ISCR below 1.80x.
- Further elongation of the operating cycle leading to weakening in liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters and Management Team with Established Track Record of Operations:

The company is led by Mr. Chintha Veera Raghava Reddy, Chairman and Managing Director, who brings over three decades of experience in the rice-milling industry. He has played a pivotal role in modernizing operations and establishing the company as a key player in the non-basmati rice segment with its flagship brand "Bell." Alongside him, Mrs. Chintha Venkata Sudha Lakshmi contributes effectively as Director, overseeing operations. Backed by strong leadership, longstanding customer and supplier relationships, and a consistent 7.23% CAGR over the past three years, the company has a proven operational track record.

Consistent Revenue Base with Improvement in Profitability in FY25 (A):

The TOI increased by 0.09% from Rs. 982.21 crore in FY24 to Rs. 983.08 crore in F25 (A). Further in absolute terms, EBITDA improved from Rs. 36.86 crore in FY24 to Rs. 44.68 crore in FY25 (A). The improvement in EBITDA is primarily driven by higher sales volumes and better realisation per unit, supported by an improved product mix with a greater share of premium rice varieties. The company also benefitted from cost optimisation measures, including efficient raw material procurement, enhanced capacity utilisation, and reduction in logistics and utility costs. Additionally, favourable market conditions and stable paddy prices contributed to sustaining higher operating margins during the period. Similarly, the EBITDA margin improved by 79 bps and noted at 4.54% in FY25 (A). In absolute terms, PAT has significantly improved by ~56.34% from Rs. 9.06 crore in FY24 to Rs. 14.17 crore in FY25 (A) due to an increase in EBITDA. Similarly, the PAT margin increased by 52 bps and noted at 1.44% in FY25 (A). Further, owing to improvement in operating scale, GCA increased and stood at Rs. 20.64 crore in FY25 (A).

Diversified Product Portfolio with Strong Focus on Non-Basmati Rice:

The company has a well-diversified product portfolio within the rice-milling segment, supported by an integrated operational model encompassing paddy procurement, rice processing, and final product marketing. In FY2025 (Audited), the majority of revenue around 78.16% was derived from the sale of premium non-basmati rice (including 0.02% from sale of premium basmati rice), reaffirming the company's strong positioning in this segment. Additionally, Broken Rice contributed 11.64%, followed by Paddy at 3.04%, Ravva at 2.87%, and Ash, Bran & Others at 4.29%. This diversified mix not only supports revenue stability but also helps mitigate risks related to product concentration, enhancing the company's resilience in a competitive market.

Moderate Financial Risk Profile and Debt Protection Metrics:

The ATNW (including equity capital) of the company improved to Rs. 151.47 crore as on March 31, 2025, from Rs 133.62 crore as on March 31, 2024, on account of accretion of profits to reserves. The total debt stood at Rs. 181.27 crore as on March 31, 2025, against Rs.197.77 crore as on March 31, 2024, on account of lower utilization of working capital bank borrowings as on balance-sheet date compared to previous year. The overall gearing (including quasi equity) of the company improved from 1.48x as on March 31, 2024, to 1.20x as on March 31, 2025, on account of accretion of profits to general reserves along with decline in debt. Unsecured loans to the tune of Rs. 32.65 crore as on March 31, 2025, have been considered as quasi-equity as the same are subordinate to bank debt. The TOL/ATNW (including quasi equity) stood at 1.98x as on March 31, 2025, improved from 2.37x as on March 31, 2024, on account of improvement in ATNW. Total Debt/EBITDA ratio noted at 4.06x in FY25 (A). Further the company's coverage metrics remained moderate and above unity. ISCR has improved and stood at 2.04x in FY25 (A) due to higher EBITDA and DSCR improved and stood at 1.48x in FY25 (A) from 1.31x in FY2024.

Favorable Industry Outlook Supported by Strong Domestic and Export Demand:

The rice industry in India enjoys stable demand prospects, as rice remains a staple food for a large portion of the population. India is the world's second-largest producer and a leading exporter in the global rice trade, which ensures strong domestic and international demand. As one of the country's most essential food crops, rice plays a vital role not only in ensuring food security but also in generating widespread rural employment, thereby reinforcing its importance to the Indian economy.

Key Rating Weaknesses

Exposure to Regulatory Risks in Export Policies:

The company remains vulnerable to changes in government export policies, especially given its rising dependence on international markets—exports accounted for 49.38% of total sales in FY2025. Recent policy measures such as export restrictions, changes in minimum export prices, or bans on specific rice varieties can adversely impact revenue visibility, pricing, and market access. Such regulatory interventions, often aimed at ensuring domestic food security or controlling inflation, pose a significant challenge to planning and scalability in the export segment of the business.

Susceptibility to Agro-Climatic Risks:

The company is exposed to agro-climatic risks, as paddy—the key raw material—relies heavily on monsoon patterns and sufficient irrigation. Any adverse weather conditions, such as delayed or deficient rainfall, drought, or floods, can disrupt crop yields, leading to raw material shortages or price volatility.

Such fluctuations not only affect procurement costs but also impact the overall production cycle, making the company's operations vulnerable to seasonal and climate-related uncertainties inherent in the agricultural supply chain.

Exposure to Intense Competition:

The company operates in a highly fragmented and competitive rice industry, facing pressure from both organized and unorganized players. This intense competition limits pricing flexibility and can impact profitability. Additionally, maintaining market share and customer loyalty requires continuous investment in quality, branding, and distribution, making it challenging to sustain margins in the long term.

Vulnerability to Changes in Government Policies

The company is exposed to regulatory risks, as the rice milling industry is closely governed by policies related to paddy pricing, exports/imports, and stock release mechanisms. Any changes in Minimum Support Price (MSP), export restrictions, or trade regulations can directly impact on procurement costs, revenue, and overall business operations, thereby affecting profitability and growth plans.

Analytical Approach: Standalone

Applicable Criteria :

Rating Methodology for Manufacturing Sector entities
Financial Ratios & Interpretation Non- Financial Sector
Criteria for assigning rating outlook
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The company has adequate liquidity as seen by gross cash accruals of Rs. 20.64 crore in FY25(A) as against repayment of long-term borrowings amounting to Rs. 5.77 crore. Further, the company is expected to generate cash accruals in the range of Rs. 23.49 crore – Rs. 31.41 crore as against its debt servicing obligation of ~Rs. 10.90 crore – Rs. 12.30 crore FY26-28. The overall working capital limits are utilized to the extent of 86.40% during the past 12 months ended June 2025 indicating moderate utilization indicating an adequate liquidity buffer. The current ratio reported by the company is 1.35x in FY25(A). All these factors reflect adequate liquidity position of the company.

About the Company

Sree Murali Mohana Boiled and Raw Rice Mill Private Limited (SMMBRRMPL), established in 1983 and reconstituted as a private limited company in 2002, is a leading non-basmati rice processor based in Komaripalem, East Godavari district, Andhra Pradesh. A third-generation, family-owned enterprise, SMMBRRMPL has evolved from a modest paddy mill into a fully integrated rice processing facility, pioneering the use of modern milling equipment and captive co-generation power in South India's agro sector.

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	982.21	983.08
EBITDA	36.86	44.68
PAT	9.06	14.17
Total Debt	197.77	181.27
Tangible Net worth*	103.47	118.82
EBITDA Margin (%)	3.75	4.54
PAT Margin (%)	0.92	1.44
Overall Gearing Ratio (x)	2.20	1.80
ISCR (x)	2.13	2.04

**as per Infomerics standards*

Status of non-cooperation with previous CRA : Nil

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 Dated : Aug 01, 2024	Date(s) & Rating(s) assigned in 2023-24 Dated: Feb 05, 2024	Date(s) & Rating(s) assigned in 2022-23 Dated : Dec 27, 2022
1	Term Loan	Long Term	66.50	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)
2	Cash Credit	Long Term	195.00*	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)
3	Packing Credit	Short Term	100.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)

*Includes Proposed Cash Credit of Rs. 50.00 Crore

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan			March 2032	37.50	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)
Long Term Bank Facilities – Term Loan			March 2032	29.00	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)
Long Term Bank Facilities – Cash Credit			-	195.00*	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)

Short Term Bank Facilities – Packing Credit			-	100.00	IVR A2 (IVR A Two)

*Includes Proposed Cash Credit of Rs. 50.00 Crore

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-sreemurali-sep25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com