

May 26, 2026

Raghu Rama Rice Industry: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund Based - Cash Credit	12.00	15.00	[ICRA]B+ (Stable); reaffirmed
Long Term - Unallocated	4.00	1.00	[ICRA]B+ (Stable); reaffirmed
Total	16.00	16.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation considers the extensive track record of Raghu Rama Rice Industry's (RRRI) partners in the rice milling industry and ease in paddy procurement owing to the proximity of its plant to a major rice growing region of Andhra Pradesh. The firm's business continues to derive comfort from the favourable demand prospects of the industry as India is the second largest producer and consumer of rice, internationally. The firm's revenues declined about 20% to Rs. 59 crore in FY2026 from Rs. 74 crore in FY2025, on account of weaker demand in the Kerala region, wherein the Government distributed rice under the public distribution system (PDS) in higher than the normal quantity.

The rating is, however, constrained by RRRI's small scale of operations amid intense competition in the rice milling industry, which restricts its operating profit margins (OPM). The rating considers RRRI's weak financial risk profile, characterised by its depressed debt coverage metrics and stretched liquidity, impacted by high working capital requirements. Going forward, given the high working capital requirements and low profitability, the financial risk profile of RRRI would remain under pressure. The rating also factors in the agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. RRRI is also susceptible to risks associated with regulatory changes and Government policies. The risks related with the partnership nature of the business, including the risk of capital withdrawal, among others also impact the rating. Given the thin margin in the business and high working capital intensity, the firm's liquidity position is likely to remain stretched, and any further pressure would be a key rating sensitivity.

The Stable outlook on the long-term rating reflects ICRA's opinion that RRRI will continue to benefit from the extensive experience of its partners in the rice milling industry and presence of the mill in a major rice growing area, which supports its business and profitability.

Key rating drivers and their description

Credit strengths

Significant experience of partners in rice milling and trading business – The partners have long presence in the rice milling industry with over two decades of experience, resulting in established relationships with its customers.

Presence in a major rice growing area results in easy availability of paddy – RRRI's plant is located in Jagannadhagiri village of East Godavari district, Andhra Pradesh, which is a major rice growing area. This results in easy availability of paddy and low transportation cost for the firm. The demand prospects for rice, a staple food grain, remain favourable as India is the world's second largest producer and consumer of rice.

Credit challenges

Modest scale and profitability – The firm is a small-scale player in a highly fragmented and competitive rice milling industry, characterised by the presence of numerous small players, impacting the margin. The firm’s turnover decreased by about 20% to Rs. 59.4 crore in FY2026 from Rs. 74.0 crore in FY2025 due to lower sales volume. The firm’s operating profit also remained low in absolute terms, which is further estimated to decline to around Rs. 2.5 crore in FY2026 from Rs. 2.8 crore in FY2025.

Weak financial profile and stretched liquidity – Driven by low profitability, the firm’s debt coverage metrics continue to remain under pressure, as reflected by Total Debt/OPBDITA of 5.6 times, interest coverage of 1.4 times and NCA/TD of around 5% (5.2 times, 1.4 times and 5%, respectively in FY2024) in FY2025. Due to high working capital intensity, the firm has limited cushion available in its working capital limits, with a high average utilisation of around 99% in the past 12 months till March 2026.

Intense competition in the industry – The fragmented nature of the rice milling industry, characterised by stiff competition amid presence of many players, limits the pricing flexibility of the industry participants, including RRRI, and results in modest profitability.

Susceptibility to agro-climatic risks and regulatory changes – The rice milling industry is susceptible to agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. It is exposed to Government policies such as MSP, affecting the raw material prices. Any major change in the Government regulations pertaining to the rice industry can impact the industry dynamics.

Risk related to partnership nature of firm – RRRI is exposed to the risks related to a partnership firm, including the capital withdrawal risk. However, there has been limited capital withdrawal in the past few years.

Liquidity position: Stretched

RRRI’s liquidity position continues to remain stretched on account of limited buffer in its working capital limits with 99% average utilisation during the 12-month period ending in March 2026. The cash flow from operations stood low at Rs. 0.23 crore in FY2025 and the same is expected to reduce in FY2026 due to the likely increase in the working capital requirement to support the top-line growth. The firm does not have long-term repayment obligation in FY2027 and has no major capex plan in the near term, which provides some comfort. The expected cash flows and need-based support, in the form of unsecured loans from the partners would be critical in meeting any cash flow mismatch.

Rating sensitivities

Positive factors – ICRA could upgrade RRRI’s rating if the firm demonstrates a sustained increase in its revenues and profitability along with an improvement in its liquidity and debt coverage metrics. Specific credit metrics that could lead to an upgrade of RRRI’s rating include an interest coverage ratio of more than 2.0 times on a sustained basis.

Negative factors – Pressure on the rating could arise if there is a significant decline in revenues or profitability, leading to a further stretch in its liquidity and coverage indicators.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rice Mills
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company’s standalone financial profile

About the company

Established in 2012 as a partnership firm, Raghu Rama Rice Industry (RRRI) is involved in milling of paddy and produces raw and boiled rice. The firm started its operations in June 2013. It has a milling unit at Jagannadhagiri village in East Godavari district, Andhra Pradesh with an installed capacity of 8 MT of paddy per hour. The company is selling its major produce in Kerala under the brands, Jaya (3636 grade) and Surekha (1000 grade). While the firm has more than 100 customers, its sales is majorly concentrated towards limited grades of rice. RRRI procures majority of its raw material from local farmers mainly based out of the Kakinada district in Andhra Pradesh and sometimes from traders and other rice mill owners. The company has a capacity to process 57,600 MTPA paddy with an output ratio of around 60%. At present, the firm is operating with a capacity utilisation of more than 70%.

Key financial indicators (audited)

RRRI Standalone	FY2024	FY2025	FY2026*
Operating income	70.4	74.0	59.3
PAT	0.3	0.3	-
OPBDIT/OI	4.2%	3.8%	-
PAT/OI	0.4%	0.4%	-
Total outside liabilities/Tangible net worth (times)	1.8	2.1	-
Total debt/OPBDIT (times)	5.2	5.6	-
Interest coverage (times)	1.4	1.4	-

Source: Company, ICRA Research; * Estimate; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	May 26, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	15.00	[ICRA]B+ (Stable)	-	-	Feb 27, 2025	[ICRA]B+ (Stable)	Nov 02, 2023	[ICRA]B+ (Stable)
Fund based – Term loan	Long term	-	-	-	-	-	-	Nov 02, 2023	[ICRA]B+ (Stable)
Unallocated	Long term	1.00	[ICRA]B+ (Stable)	-	-	Feb 27, 2025	[ICRA]B+ (Stable)	Nov 02, 2023	[ICRA]B+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – cash credit	Simple
Long-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term Fund based – CC	NA	9.25%	NA	15.00	[ICRA]B+ (Stable)
NA	Unallocated	NA	NA	NA	1.00	[ICRA]B+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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