

October 7, 2026

Sri Ramraghav Mills: [ICRA]BB+ (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long-term – Fund-based – Cash credit	20.00	[ICRA]BB+ (Stable); assigned	RBI
Long-term – Unallocated limits	5.00	[ICRA]BB+ (Stable); assigned	RBI
Total	25.00		

*Instrument details are provided in Annexure I

[#]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.

Rationale

The rating assigned to Sri Ramraghav Mills (SRM/the firm) reflects its established position as a del credere agent (DCA) for Reliance Industries Limited (RIL) as a distributor of polyester staple fibre (PSF) and the extensive experience of its partners in the textile trading industry. The firm has demonstrated healthy growth in revenues, with operating income (OI) increasing to Rs. 723.8 crore in FY2026 from Rs. 359.6 crore in FY2022, registering a compound annual growth rate (CAGR) of around 19%. This revenue growth has been primarily driven by repeat orders from its existing customer base, the addition of new customers and an enduring relationship with its principal supplier, RIL. Further, SRM's operating profitability has also improved with the operating profit margin (OPM) expanding to 4.4% in FY2026 from around 3% in FY2025, aided by economies of scale. The entity's healthy capital structure further supports its credit profile.

The rating is, however, constrained by the inherently thin margins associated with the trading operations and limited pricing flexibility due to intense competition in the textile trading industry. The rating also factors in the high geographical concentration of revenues, with a significant portion derived from Tamil Nadu. ICRA also notes the vulnerability of revenues and earnings to demand-side pressures in the upstream segment, particularly considering tariff actions by the US and ongoing geopolitical disruptions, which may affect industry dynamics. Nonetheless, ICRA will continue to monitor developments in this regard and take appropriate rating action, if necessary. Additionally, the rating remains exposed to a moderate net worth base and risks associated with the partnership constitution of the firm. These include the possibility of capital withdrawals, which could adversely impact the capital structure and liquidity position.

The Stable outlook on the long-term rating reflects ICRA's expectation that SRM is likely to sustain its operational and financial profiles in the medium term, supported by established relationships with customers and repeat order inflows.

Key rating drivers and their description

Credit strengths

Established presence in textile trading business – SRM has an established presence in trading textile products in the domestic market. The partners have extensive experience of more than a decade in the trading industry, aiding SRM to forge strong relationships with its key supplier, RIL, and its customers.

Strong relationships with suppliers – SRM derives most of its income from the trading of PSF. SRM has a strong association with RIL, a key supplier of PSF. Further, SRM's long relationship with customers has led to repeat business over the years.

Supported by this, the firm has demonstrated healthy growth in revenues, with OI increasing to Rs. 723.8 crore in FY2026 from Rs. 359.6 crore in FY2022, registering a CAGR of around 19%.

Credit challenges

Profitability remains vulnerable to intense competition, limiting pricing power – Given the trading nature of its operations, SRM's profit margins are expected to remain moderate due to limited pricing power amid intense competition. Further, the textile trading industry is characterised by a crowded environment, comprising various organised and unorganised players. Discounts from RIL have historically formed a significant share of SRM's operating profit; hence, SRM's net discount/commission income needs to be sustained to maintain its profitability. Moreover, SRM bears credit risk while supplying RIL's products to customers. Any delay in payments from the customers could adversely impact its profitability and net worth.

Exposed to geographical concentration risk – The Tamil Nadu market generated about 95% of SRM's revenues, which exposes it to market-specific concerns and demand fluctuations arising from the performance of the region's economy. However, SRM's established presence in the region provides comfort to an extent.

Moderate net worth and capital withdrawal risk due to constitution as partnership firm – The net worth of the entity remains moderate at Rs. 36.6 crore as on March 31, 2026 (Rs. 32.9 crore as on March 31, 2025), due to limited accretion to reserves amid sizeable profit withdrawal by the partners. Thus, being a partnership firm, SRM is exposed to discrete risks, including the possibility of capital withdrawal by the partners and limited ability to raise capital, among others, which may affect the capital structure and liquidity position.

Liquidity position: Stretched

SRM's liquidity profile is expected to remain stretched, primarily due to low cash generation from the business, a limited buffer available in its working capital facilities and minimal free cash & bank balances. The average working capital utilisation stood at around 80% over the 12-month period ending August 2026. The firm is projected to generate cash accruals in the range of Rs. 4-7 crore in FY2027. ICRA also notes that SRM does not have any major debt-funded capital expenditure plans and has no repayment obligations in the near term, which provides some comfort to its liquidity position. However, any sizeable profit withdrawal by the partners and an increase in loans & advances to group entities could result in pressure on liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the entity demonstrates an increase in revenues and earnings, material strengthening of the net worth and improvement in liquidity position, while maintaining its comfortable credit metrics, on a sustained basis.

Negative factors – Pressure on the rating could arise if there is a substantial decline in revenues and earnings or elongation of the working capital cycle and significant withdrawal of profits by partners leading to continued weakening of the liquidity position and debt protection metrics. Specific credit metrics that could trigger a rating downgrade include interest coverage of less than 2.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	None
Consolidation/Standalone	Standalone

About the company

M/s. Sri Ramraghav Mills (SRM), a partnership firm, was established in 2017 by Mr. Raghav Kanodia and Mrs. Ankita Kanodia. The firm is engaged in trading of man-made fibres. The firm operates as a del credere agent (DCA) for Reliance Industries Limited (RIL), predominantly dealing in polyester staple fibre (PSF), which is a key raw material used in the production of synthetic yarn.

Key financial indicators (audited)

SRM (Standalone)	FY2025	FY2026*
Operating income (OI)	672.0	723.8
PAT	12.8	20.4
OPBDIT/OI	3.0%	4.4%
PAT/OI	1.9%	2.8%
Total outside liabilities/Tangible net worth (times)	1.1	1.1
Total debt/OPBDIT (times)	1.1	0.5
Interest coverage (times)	11.2	15.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 7, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	20.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Unallocated limits	Long term	5.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Unallocated limits	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Long-term – Fund-based – Cash credit	NA	NA	NA	20.00	[ICRA]BB+ (Stable)	RBI
NA	Long-term – Unallocated limits	NA	NA	NA	5.00	[ICRA]BB+ (Stable)	RBI

Source: Company

[#]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.

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Uday Kumar

+91 124 4545 867

uday.kumar@icraindia.com

Vilasagaram Nandakishore

+91 40 6939 6407

vilasagaram.nandakishore@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



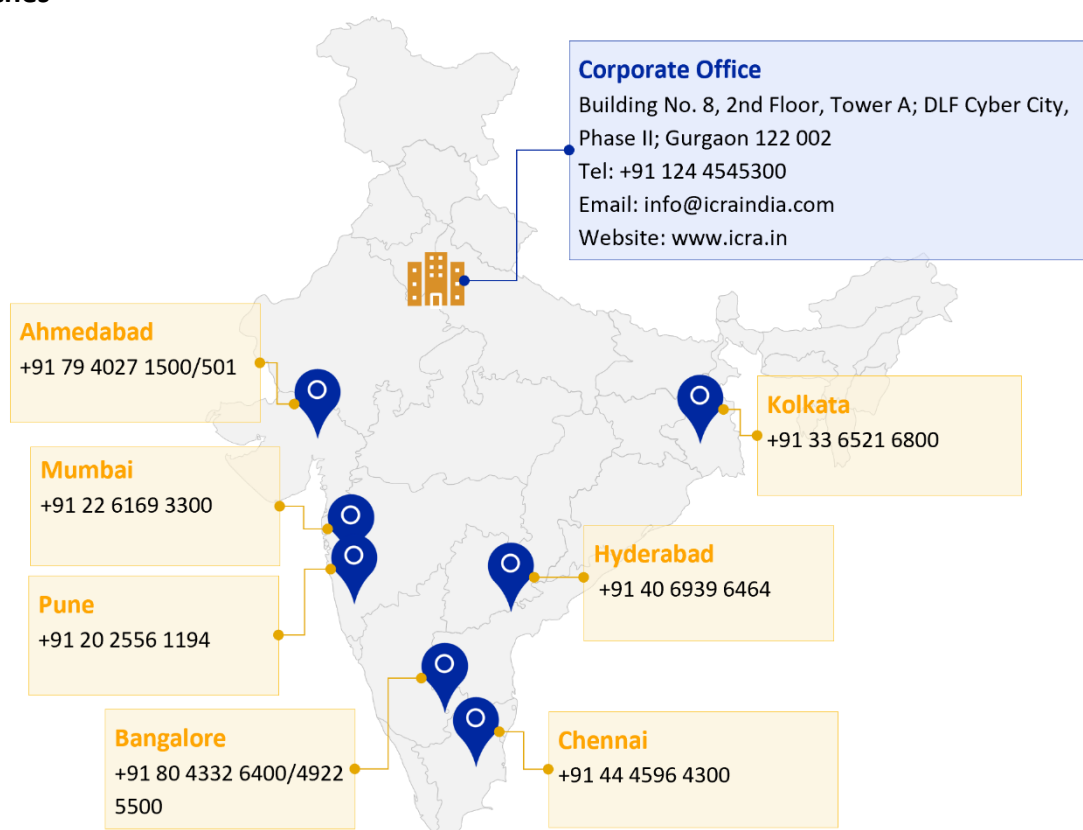
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.