

Rating Rationale

09 October 2026

Sri Ram & Company

SUMMARY OF RATING ACTION

Facilities**	Amount (Rs. Crs)		Tenure	Rating*		Regulator
	Previous	Present		Previous(03 Aug 2026)	Present	
Fund Based						
Cash Credit - Sanctioned	11.00	8.00	Long-Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR BB+/ Stable removal from Issuer Not Cooperating* category / Upgraded	RBI
FCTL - Sanctioned (Sublimit of ILC/FLC)	(15.00)	(30.00)				
Term Loan - Outstanding	3.54	0.00		BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	Withdrawal	RBI
Buyers Credit - Sanctioned (Sublimit of ILC/FLC)	-	(20.00)	Short-Term	-	BWR A4+ Assignment	RBI
UBDL - Sanctioned	-	2.00				
Sub Total (Fund Based)	14.54	10.00				
Non-Fund Based						
FLC/ILC - Sanctioned	38.00	30.00	Short-Term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR A4+ removal from Issuer Not Cooperating* category / Upgraded	RBI
Credit Exposure Limit (CEL) - Sanctioned	-	2.50		-	BWR A4+ Assignment	RBI
Sub Total (Non Fund Based)	38.00	32.50				
Total	52.54	42.50	Rupees Forty-two crores fifty lakhs only			

1. Please refer to the BWR website www.brickworkratings.com for the definition of the ratings
2. Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated.

RATING ACTION/OUTLOOK

Brickwork Ratings has removed the ratings from the Issuer Not Cooperating category and upgraded the long-term and short-term ratings to “BWR BB+/Stable / BWR A4+” for the bank loan facilities of Rs.38.00 Cr, and also assigned a short-term rating of

“BWR A4+” to the new bank loan facilities, which include a UBDL of Rs.2.00 Cr and a sub-limit facility, Buyers Credit of Rs. 20.00 Cr and a CEL of Rs.2.50 Cr. Brickwork Ratings withdraws the ratings assigned to the term loan outstanding of Rs.3.54 Cr, as the facility was fully paid and closed. In this regard, Brickwork Ratings has obtained the withdrawal request letter from the client and a confirmation email from the banker (Karur Vysya Bank).

Brickwork Ratings removes the ratings from the Issuer Not Cooperating category as the client submitted the required information for reviewing the bank loan facilities of Sri Ram & Company.

The ratings factored in the partners’ extensive industry experience and their net worth, as well as a moderate financial risk profile and growth in scale of operations. However, the ratings are constrained by intense competition and low profitability margins of the firm. Moving forward, the firm’s ability to enhance its revenue profile and strengthen its overall financial risk profile will be key rating sensitivities.

The rating outlook has been assigned as "Stable" as BWR believes that Sri Ram & Company's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

The terms of sanction include standard covenants normally stipulated for such facilities.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to Financial Ratios • Short Term Debt • Trading Companies • Rating Withdrawal Policy • Policy On Issuer Non -Cooperation
Parent/Group/Government Support	Not Applicable
Analytical Approach (Consolidation/Standalone)	For arriving at its ratings, BWR has considered the standalone approach for the Firm. BWR has applied its rating methodology as detailed in the rating criteria.

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

1) Moderate financial risk profile: As per the FY2026 provisional financials, the total operating income significantly increased to Rs. 112.88 Cr, reflecting a growth rate of around 81.21%, which indicates a significant improvement in the scale of business operations. This revenue growth was accompanied by a strong operational performance, with OPBDIT nearly doubling from Rs.2.46 Cr in FY2025 to Rs.4.76 Cr in FY2026, and the operating margin improving from 3.94% to 4.21%. The Firm’s PAT also increased from Rs. 0.72 Cr in FY2025 to Rs. 1.51 Cr in FY2026, with a net profit margin of 1.34%.

As per FY 2026 provisional financials, the firm has Rs.17.85 Cr of tangible net worth, and the Total Debt/TNW ratio stood at 1.58x, and the TOL/TNW ratio stood at 1.68, reflecting a moderate leverage profile of the firm.

The Current ratio of the firm stood at 2.63x as per FY 2026 provisional financials, indicating a strong short-term liquidity position of the company. The Firm's ISCR and DSCR stood at 1.30x and 1.38x, respectively, in FY 2025, indicating adequate debt servicing capacity. As per the FY2026 provisional financials, the ISCR further improved to 1.88x and the DSCR improved to 1.60x, indicating improved debt servicing capacity.

2) Net worth of the partners: As per the net worth certificate dated March 31, 2025, the combined net worth of the partners stands at approximately Rs. 111.02 Cr, comprising Rs. 43.01 Cr attributable to Mr. H. Ashok and Rs. 68.00 Cr to Mr. H. Ravindran. This substantial financial backing ensures that the partners are well-positioned to provide strong capital support and bridge any potential funding shortages for the firm's working capital requirements.

Credit Risks:

1) Constitution Risk: Being a partnership firm, it is exposed to the inherent risk of the partner's capital being withdrawn at a time of personal contingency. Additionally, partnership firms often face difficulties in raising large amounts of capital, as they cannot issue shares to the public and have limited access to external funding sources compared to corporations. This lack of adequate financial resources can hinder the firm's ability to invest in expansion, innovation, or infrastructure, thereby limiting its long-term growth potential. In a partnership firm, decision-making is typically shared among the partners. However, differences in personal goals, management styles, or financial interests can often lead to conflicts of interest.

2) Raw Material Price Volatility: Raw material price volatility is indeed one of the most critical pressure points for the Indian timber sawing and trading industry. Because the sector heavily relies on imported logs to keep operations running, domestic stakeholders are uniquely vulnerable to external macroeconomic shocks.

3) Low Profit Margins: The firm's profitability remains inherently constrained, as reflected by a modest OPBDIT margin of 4.21% (Rs. 4.76 Cr) and a thin net profit margin of 1.34% (Rs. 1.51 Cr) in FY2026. This vulnerability stems primarily from the low-value-addition trading nature of its operations, which generates the majority of revenue, compounded by elevated fixed overheads such as high rental costs. Consequently, any adverse movement in procurement costs or inability to absorb overheads could severely impact the bottom line, keeping debt-servicing cushions tight.

RATING SENSITIVITY FACTORS

Going forward, the ability of the company to improve its revenue and financial risk profile would remain the key rating monitorables.

Positive:

- Improvement in the total operating income by 35% with an improvement in the firm's net cash accruals will be positive for the ratings.
- An Improvement in the company's debt protection metrics, such as ISCR improving above 2.00x and DSCR improving above 2.00x.

Negative:

- A decline of 20% or more in revenue, and with EBITDA margin falling below 3.00%.
- A decline in the company's debt protection metrics, with ISCR dropping below 1.30x and the DSCR dropping below 1.00x.

LIQUIDITY POSITION - Adequate

Adequate liquidity characterised by a sufficient cushion in accruals vis-a-vis repayment obligations and a moderate cash balance of Rs. 2.37 Crore. No capex plans are envisaged in the near future. Its bank limits are utilised to the extent of 26.76% and has sought enhancement in bank lines, supported by the above unity current ratio.

The firm has net cash accruals of Rs.2.37 Cr as against the CPLTD of Rs.0.13 Cr in FY2026. The current ratio of the firm stood at 2.63x as per FY2026 provisional financials, reflecting an adequate short-term liquidity position of the company. As per FY 2026 provisional financials, the firm has Rs.17.85 Cr of tangible net worth, and the ISCR stood at 1.88x, and the DSCR stood at

1.60x, indicating adequate debt servicing capacity.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The company demonstrates an adequate ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks in trading companies are primarily related to energy use, emissions from logistics and operations, waste generation, water consumption, and compliance with environmental regulations. Key disclosures include energy usage, waste handling and recycling practices, and any past violations or penalties.

Social: Social factors focus on labour practices, workforce welfare, diversity and inclusion, training and development, and community engagement. Metrics include workforce composition, employee safety and training programs, adherence to labour laws, and initiatives supporting social equity and employee growth.

Governance: Governance assessment emphasizes board structure, independence, and expertise, risk management and compliance frameworks, ethical conduct and anti-corruption policies, stakeholder engagement practices, data security and cybersecurity measures, and compliance with trading regulations.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Commodities	Forest Materials	Paper, Forest & Jute Products	Forest Products

Sri Ram & Company was officially formed as a partnership firm on July 13, 1997. The business is successfully managed by two partners, Mr. H. Ravindran and Mr. H. Ashok. The firm is in the business of sawing and trading in timber. Sri Ram & Company is headquartered in Dindigul, Tamil Nadu, with operational facilities in Chennai and Tuticorin.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 23 - 24 (Audited - Annual)	FY 24 - 25 (Audited - Annual)	FY 25 - 26 (Provisional - Annual)
Total Operating Income	Rs. Crs	48.07	62.38	112.88
EBITDA	Rs. Crs	2.15	2.46	4.76
PAT	Rs. Crs	0.42	0.72	1.51
Tangible Net Worth	Rs. Crs.	16.13	16.37	17.85
Total Debt / Tangible Net Worth	Times	0.66	1.12	1.58
Current Ratio	Times	2.87	3.60	2.63

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities	Current Year (2026)					2025	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating
Fund Based	LT	8.00 (30.00)	BWR BB+/Stable removal from Issuer Not Cooperating* category / Upgraded	03-Aug-2026	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	11-Jul-2025	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed
		0.00	Withdrawal				
Fund Based	ST	2.00 (20.00)	BWR A4+ Assignment	-	-	-	-
Non-Fund Based	ST	30	BWR A4+ removal from Issuer Not Cooperating* category / Upgraded	03-Aug-2026	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	11-Jul-2025	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed
		2.50	BWR A4+ Assignment				
Grand Total		42.50	Rupees Forty-two crores fifty lakhs only				

Facilities	2024		2023	
Type	Date	Rating	Date	Rating
Fund Based	18-Jul-2024	BWR C	17-Jul-2023	BWR B -//Stable
		Continues to be in ISSUER NOT COOPERATING* category/Downgraded		Continues to be in ISSUER NOT COOPERATING* category/Downgraded
Non-Fund Based	18-Jul-2024	BWR A4	17-Jul-2023	BWR A4
		Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed		Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	Simple
Non-Fund Based	Simple

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 BWR's website [Complexity Levels](#).

STATUS OF NON-COOPERATION WITH PREVIOUS CRA IF ANY: NA

ANY OTHER INFORMATION: None

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ANNEXURE I: Details of Bank Loan Facilities

Name of the Bank	Name of the Facility	Tenure	Amount (Rs. Crs)	Complexity of the Instrument
Karur Vysya Bank	Cash Credit-Sanctioned	Long-term	8.00	Simple
Karur Vysya Bank	FCTL - Sanctioned (Sublimit of ILC/FLC)	Long-term	(30.00)	Simple
Karur Vysya Bank	Buyers Credit - Sanctioned (Sublimit of ILC/FLC)	Short-term	(20.00)	Simple
Karur Vysya Bank	UBDL - Sanctioned	Short-term	2.00	Simple
Karur Vysya Bank	FLC/ILC - Sanctioned	Short-term	30.00	Simple
Karur Vysya Bank	Credit Exposure Limit (CEL) - Sanctioned	Short-term	2.50	Simple
Total (Rupees forty-two crore fifty lakhs only)			42.50	

ANNEXURE II: Details of Instruments / Facilities

Name of the Instrument/Facility	Long Term/Short Term	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ Crore)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III: List of Entities Consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of the respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No.	Instrument/activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (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)* \$	RBI
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,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	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	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.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brickwork Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating, such as research for Economy, Industries and Companies *	NA

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

DISCLOSURE ON CONFLICT OF INTEREST

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committee or review, discuss or evaluate any credit rating during the Board meetings.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara bank is an institutional investor in Brickwork.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation

Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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