Rating Rationale 16 Sep 2026

Veerabhadreswara Raw and Boiled Rice Mill

Facilities**	Amount (Rs. Crs)		Tenure	Rating#		Regulators
	Previous	Present		Previous (25 July 2025)	Present	
Fund Based						
Term Loan -Outstanding	0.52	**0.06**	Long Term	BWR BB-/Stable /Assignment	**BWR BB-/Stable/ Reaffirmed**	RBI
Term Loan - Outstanding	0.00	**4.41**	Long Term	-	**BWR BB-/Stable/ Assignment**	RBI
Term Loan - Outstanding	0.00	**1.89**	Long Term	-	**BWR BB-/Stable/ Assignment**	RBI
Cash Credit - Sanctioned	22.00	**27.00**	Long Term	BWR BB-/Stable Removal from ISSUER NOT COOPERATING* category/Upgrade	**BWR BB-/Stable/ Reaffirmed**	RBI
Sub-Total	22.52	**33.36**		-		RBI

Non Fund Based						
Bank Guarantee - Sanctioned	2.00	**2.00**	Short Term	BWR A4 Removal from ISSUER NOT COOPERATING Category/Reaffirmed	**BWR A4/ Reaffirmed**	RBI
Bank Guarantee- Sublimit to CC	(4.00)	**(4.00)**		BWR A4 Assignment	**BWR A4/ Reaffirmed**	RBI
Sub Total	2	**2**				
Grand Total	24.52	**35.36**	**(Rupees Thirty Five Crores and Thirty Six Lakhs Only)**			

Note:

1. Please refer to BWR website www.brickworkratings.comfor 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 reaffirms and assigns the long-term rating of "BWR BB-/Stable" and the short-term rating of "BWR A4" for the Bank Loan Facilities aggregating Rs. 35.36 Crs. for Veerabhadreswara Raw & Boiled Rice Mill.

The ratings are supported by the firm's experienced management, driven by its nine partners who bring a proven operational track record of over two decades in paddy processing and rice trading. The firm's operational portfolio encompasses the procurement of paddy, processing into raw and boiled rice, and the trading of rice and rice bran from its strategically located milling facility in East Godavari District, Andhra Pradesh.

The rating outlook is assigned as “Stable,” reflecting BWR’s expectation that Veerabhadreswara Raw and Boiled Rice Mill business risk profile will remain steady over the medium term. A stable outlook indicates a low probability of a rating change during this period. The outlook may be revised to “Positive” if the company achieves sustained improvement in revenue and profitability margins, while it may be revised to “Negative” in the event of a deterioration in its financial risk profile.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The key covenants are the standard terms as stipulated in the sanction letters of the rated facilities.

KEY RATING DRIVERS

Credit Strengths:

- **Long Track Record and Experienced Management:**
  The firm has been in existence for around 19 years and is managed by nine partners, with several partners having more than two decades of experience in paddy processing and rice trading. The long operating track record and experience of the partners provide comfort regarding their understanding of procurement, processing and marketing activities.

- **Improvement in Operating Profitability:**
  Despite the decline in TOI from Rs. 99.95 Crores in FY25 to Rs. 81.01 Crores in FY26 (Provisionals), the EBITDA margin improved from 2.65% to 3.29%, indicating some resilience in operating profitability.

- **Location of the firm:**
  The firm has been located in Polamuru cluster of Andhra Pradesh, which is one of the major rice producing states and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors making the company more efficient and cost effective.

Credit Risks:

- **Agricultural Sector risks:**
  As a rice mill, the business is inherently exposed to risks associated with the agricultural sector, such as crop failures, changes in paddy prices, government procurement policies, and supply chain disruptions, which are not explicitly quantified in the financial projections. The assumption that purchase prices are based on "average Govt. rate of paddy" and sale prices on "average market rate of each finished good" indicates exposure to market and policy fluctuations..
- **High Industry Competition and Agro-climatic:**
  The rice milling industry is highly fragmented and competitive, with low entry barriers and limited pricing flexibility, resulting in pressure on operating margins. Further, the industry remains vulnerable to monsoon conditions, paddy price volatility, MSP and other government policies, which can affect raw material availability, procurement costs and profitability.
- **Limitations of Partnership Constitution :**
  Partners can withdraw capital for personal contingencies, potentially eroding the firm's net worth and weakening its financial structure. Lenders often seek subordination of partner's unsecured loans to mitigate this. The firm could be dissolved upon the death, retirement, or insolvency of a partner, leading to operational disruption.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below.

Hyperlink/Reference to applicable Criteria

1. [General Criteria]
2. [Approach to financial ratios]
3. [Short Term Debt]
4. [Manufacturing Company]

RATING SENSITIVITIES

Going forward, the company's ability to expand its operational scale, boost profitability, enhance liquidity and credit profile, and effectively manage the working capital will be critical factors influencing its ratings.

Positive:

- Sustainable increase in revenue and operating margin, leading to cash accruals of more than Rs. 1.50 crore
- Improvement in the working capital cycle, strengthening overall liquidity.

Negative:

- Decline in EBITDA margin below 2.50%, adversely impacting profitability and cash generation.
- Deterioration in liquidity and debt servicing ability due to higher working capital intensity, debt-funded capex or weakening operating cash flows.

LIQUIDITY INDICATORS - STRETCHED

The liquidity profile remains stretched, characterized by modest cash accruals vis-à-vis repayment obligations and a low cash and bank balance of Rs. 0.03 Crores as on 31 March 2026. The company generated gross cash accruals of around Rs. 0.83 Crores in FY26 against CPLTD of around Rs. 0.39 Crores, indicating a limited cushion for debt servicing. DSCR remained modest at 1.20x in FY26. Bank limits were utilized to the extent of around 68.56%, while the current ratio remained modest at 1.11x.

COMPANY PROFILE

Veerabhadreshwara Raw and Boiled Rice Mill, a partnership firm, was established on October 27, 2001. The firm subsequently reconstituted its partnership effective November 27, 2014. Strategically located in Polamuru, East Godavari District, Andhra Pradesh, the firm's primary operations involve the procurement of paddy, its processing into raw and boiled rice, and the trading of both rice and rice bran. The plant has an annual production capacity of 48,000 metric tons and operates 24 hours a day across three shifts. The firm is currently expanding its capacity by an additional 24,000 metric tons by setting up a new parboiled section within the existing unit. The business is managed by its nine partners.

ESG Profile

The firm demonstrates an Adequate ESG profile, supported by regulatory compliance and established environmental practices.

Environmental: The firm complies with APPCB requirements, with measures for water treatment, air pollution control and waste disposal, including reuse/recycling of ash and ETP sludge.

Social: Key focus areas include occupational safety, labour law compliance, employee welfare and training, particularly for boiler and milling operations.

Governance: Governance is supported by experienced management, statutory compliance and regular APPCB reporting. Continued focus on financial controls, partner involvement and succession planning remains important.

KEY FINANCIAL INDICATORS

Key Parameters	Unit	FY 24	FY 25	FY 26
Result Type		**Audited**	**Audited**	**Provisional**
Operating Income	Rs. Crs	85.12	99.95	81.01
EBITDA	Rs. Crs	2.36	2.65	2.67
PAT	Rs. Crs	0.52	0.62	0.56
Tangible Net Worth	Rs. Crs	6.04	6.9	8.74
Total Debt/Tangible Net Worth	Times	2.07	2.22	2.94
Current Ratio	Times	1.26	1.07	1.11

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY

No ratings with other CRAs.

ANY OTHER INFORMATION

NIL

RATING HISTORY FOR THE LAST THREE YEARS

S.No	Facilities	Type	Amount Outstanding (Rs. Crs)	Present	Rating History (25 Jul 2025)	Rating History (23 Jan 2025)	Rating History (19 Dec 2023)
1	Fund Based - Term Loan	Long Term	0.06	BWR BB-/Stable (Reaffirmed)	BWR BB-/Stable (Assignment)	-	-
2	Fund Based - Term Loan	Long Term	6.30	BWR BB-/Stable (Assignment)	-	-	-
3	Fund Based - Cash Credit	Long Term	27.00	BWR BB-/Stable (Reaffirmed)	BWR BB-/Stable (Removal from INC / Upgraded)	BWR B-/Stable (Continues to be in INC / Downgraded)	BWR B/Stable (Continues to be in INC / Downgraded)
4	Non-Fund Based - Bank Guarantee	Short Term	2.00	BWR A4 (Reaffirmed)	BWR A4 (Removal from INC / Reaffirmed)	BWR A4 (Continues to be in INC / Reaffirmed)	BWR A4 (Continues to be in INC / Reaffirmed)
5	Non-Fund Based - BG (Sublimit to CC)	Short Term	(4.00)	BWR A4 (Reaffirmed)	BWR A4 (Assignment)	-	-
Total			**35.36**	**(Rupees Thirty Five Crores and Thirty Six Lakhs Only)**			

Analytical Contacts	
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Veerabhadeshwara Raw and Boiled Rice Mill

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Name of the Bank	Facilities(Rs.Crs.)	Tenure	Amount (In Rs.Crs)	Complexity Levels
Union Bank of India	Term Loan - Outstanding	Long-term	6.36	Simple
	Cash Credit -Sanctioned	Long-term	27.00	Simple
	Bank Guarantee -Sanctioned	Short-term	2.00	Simple
	Bank Guarantee (Sub-Limit of Cash Credit)	Short-term	(4.00)	Simple
Total (Rupees Thirty Five Crores and Thirty Six Lakhs Only)			**35.36**	

***For more information, visit** www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
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

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 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

***permitted by SEBI vide SEBI Master Circular for CRAs**

Grievance Management: For any grievances relating to 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 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 Brickwork's strategic partner.
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.

For more information on policies and ratings, please visit our www.brickworkratings.com