

**Annexure
Press Release
Shriram Food Industry Limited**

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	300.00 (Enhanced from 45.00)	CARE BBB+; Stable / CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale & key rating drivers

Reaffirmation of the rating assigned to bank facilities of Shriram Food Industry Limited (SFIL) continues to factor in the experienced promoters with established track record of the company in rice milling industry for over a decade, favourable plant location, moderation in the capital structure and debt coverage indicators in FY25 (refers to April 01 to March 31) and adequate liquidity. Ratings take cognizance of healthy growth in the company's total operating income (TOI) and profitability in FY25, largely due to change in product mix and geographical mix according to global headwinds.

However, ratings strengths are partially offset due to moderate profitability, which remain susceptible to raw material (RM) price fluctuations, SFIL's presence in highly regulated, competitive and fragmented industry with exposure to risk pertaining to changes in climatic conditions and relatively lower project execution risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations above ₹1750 crore, and improvement in profit before interest, lease rental, depreciation and taxes (PBILDT) margins beyond 5.5% on a sustained basis.

Negative factors

- Adverse impact of government regulations in the company's financial risk profile.
- Significant debt-funded capital expenditure (capex) or elongation in working capital cycle, leading to moderation in capital structure marked by continuation of overall gearing of beyond unity level in the near term.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that SFIL will continue to benefit from its experienced promoters and will sustain its scale of operations, profitability and maintain capital structure at below unity level in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with an established track record of operations

As part of the Greta group, SFIL is currently managed by Anup Goyal and Nitish Choudhari, third-generation promoters in the rice milling industry. Nitish Choudhari, Chairman of the Greta group, has extensive experience across sectors, including energy, metals, scrap recycling, and mining. The group has presence in Dubai, Singapore, and the United Kingdom. The group's Indian operations rice milling business and bio-mass plant at Chandrapur are managed by Anup Goyal.

Growing scale of operations

The company's TOI has registered multi-fold increase in FY25 to ₹1,369 crore in FY25 from ₹670.12 crore in FY24 due to a relaxation on broken and white rice exports, which led to revival of shipments. The Indian government imposed a 20% export duty on parboiled rice to control domestic prices and ensure food security. This made Indian parboiled rice less competitive in the global market, led to a decline in demand and exports in FY24. In September 2024, the government eased restrictions on export of broken rice and non-basmati white rice, allowing exporters to resume shipments, which led to an increase in exports. SFIL posted TOI of ₹196.50 crore in Q1FY26 (refer April 2025 till June 26, 2025). In light of removal of restriction on export by

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Indian government and expected completion of the on-going capex at Gandhidham (by December 2025), revenue is expected to increase in the near medium term. Timely completion of the capex remains critical.

Moderation in capital structure and debt coverage indicators although expected improvement in the near term

SFIL's capital structure moderated in FY25 over FY24 marked by overall gearing and total outside liabilities to total net worth (TOL/TNW) stood at 1.20x and 1.48x respectively as on March 31, 2025, compared to 0.01x and 0.26x respectively as on March 31, 2024. This deterioration considering increase in total debt to ₹200.16 crore as on March 31, 2025, due to higher working capital utilisation at year end considering SFIL has transitioned to break bulk shipping, which involves booking entire vessels instead of using containers. This shift results in high working capital requirements at certain times due to bulk procurement of raw materials for exports.

From FY26 onwards, the company is gradually reducing to its earlier practice of container-based shipping and expects ~50% load to be shipped on container basis, resulting in reduction in working capital limits to ₹129.93 crore as on June 26, 2025, and hence overall gearing improved to 0.75x. The company expects its dependence on working capital borrowing to remain moderated, supporting its capital structure to remain comfortable in the near-to-medium term, which remains key credit monitorable.

Debt coverage indicators stood also moderated marked by total debt to PBILDT stood at 2.82x in FY25 against 0.05x in FY24. Interest coverage continued to remain comfortable at 5.40x in FY25 (PY: 5.31x).

Favourable plant location

The company has a plant in Nagpur, Maharashtra, which is conveniently near rice production areas of the state. Nagpur benefits from proximity to major ports including JNPT and Kandla, from where rice is predominantly exported. SFIL is establishing a unit in Gandhidham, in close proximity to Kandla port, which is expected to reduce transportation cost and improve profitability.

Key weaknesses

Moderate despite recovery in profitability margins, which is susceptible to raw material price volatility

The company's profit margins recovered in FY25 over FY24 as marked by PBILDT margin stood at 5.19% in FY25 from 3.61% in FY24. This improvement was backed by a significant increase in TOI, leading to better absorption of fixed costs. This was also attributable due to reduction in raw material cost considering shifting of exports to vessel load from container load, which requires bulk quantity procurement, saving material costs to an extent. Consequently, Profit after taxation (PAT) margin also improved to 3.08% in FY25 from 2.15% in FY24. Profit margins continue to remain moderate. Considering rice prices are closely linked to paddy prices, SFIL's profitability is vulnerable to adverse movements in raw material cost. SFIL's order-backed raw material procurement model mitigates raw material price fluctuation risk to a certain extent.

Presence in a competitive, fragmented industry with risk pertaining to changes in climatic conditions

The commodity nature of the product makes the rice processing industry highly fragmented, with numerous players operating in the unorganised sector with low product differentiation. Availability and prices of agro. commodities highly depend on climatic conditions. Timing of monsoons significantly impacts crop availability, which determines prevailing paddy prices.

Vulnerability to changes in government regulations

The government regulates paddy prices to protect farmers, limiting rice mills' bargaining power. In September 2022, the Indian government-imposed trade restrictions to maintain domestic supplies and low prices, including export duties and a ban on broken rice exports. Further restrictions were added in August 2023, but most were relaxed by September-October 2024 and recently removed ban on export of broken rice in March 2025. The rice processing sector is heavily regulated by the Government of India (GOI), and adverse regulatory changes could impact rice processing units. The company is also vulnerable to changes in import policies across countries.

Liquidity: Adequate

SFIL's liquidity is adequate marked by Nil term debt repayment obligations against healthy gross cash accruals. Average utilisation of working capital limits stood at 61.29% for 12 months ended May 2025. Free cash & bank balance stood at ₹30.67 crore as on March 31, 2025 (₹4.67 crore as on March 31, 2024). Net cash flow from operating activities stood negative at ₹159.24 crore in FY25 (PY: positive ₹45.20 crore in FY24) considering increase in inventory and receivable. Working capital cycle continues to remain at a moderate level in FY25 to 45 days against 43 days in FY24. The collection and inventory period

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improved to 30 days and 21 days respectively in FY25 from 39 days and 27 days respectively in FY24. However, this improvement is majorly offset due to reduction in the creditors period to seven days in FY25 from 22 days in FY24.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Other food products

Incorporated in 2014, SFIL is part of the Greta group and managed by the third generation of promoters Anup Goyal and his cousin Nitish Chaudhari. SFIL primarily manufactures non-basmati rice such as parboiled rice, broken rice and white rice primarily for exports to countries including Benin, Kenya, and Guinea among others through traders at Dubai and Singapore. SFIL has installed capacity of milling 500 MTPD at its Nagpur-based manufacturing facility and is setting up plant with an installed capacity of ~1000 TPD at Gandhidham, which is envisaged to commence operations from December 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	670.12	1,369.01
PBILDT	24.19	71.01
PAT	14.38	42.13
Overall gearing (times)	0.01	1.20
Interest coverage (times)	5.31	5.40

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	300.00	CARE BBB+; Stable / CARE A2

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Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	300.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (04-Mar-25)	-	-

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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