

Rehber Food Industries Private Limited

July 17, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	56.00	CARE D; ISSUER NOT COOPERATING*	Revised from CARE B-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Rehber Food Industries Private Limited to monitor the rating vide e-mail communications/letters dated May 13, 2024; July 11, 2024; among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Rehber Food Industries Private Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating assigned to the bank facilities of Rehber Food Industries Private Limited (hereinafter referred to as RFIPL) have been revised on account of the recent delays in debt servicing obligations of the company owing to closure of plant since May 2024. However, the reasons could not be ascertained due company's non-cooperative status.

The rating, constrained by weak operational performance marked by inherently low profitability in meat processing business, disrupted operations over the last 3 fiscals owing to lower than agreed offtake by Rustam Group and series of legal issues which led to closure of factory operations during December 2022 to Feb 2023, stretched liquidity due to lower collection efficiency, the risks emanating from disease outbreak from time to time, foreign exchange fluctuation risk and regulatory risk. The rating, however, derive strength from experienced promoters coupled with long track record of operations, favourable geographical location of facilities and moderate capital structure.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of the key rating drivers: At the time of last rating on July 14, 2023 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies).

Key weaknesses

Delay in debt servicing: As per the lender's feedback received, there were instances of delay in repayment of debt obligation by the company during the month of May 2024 and June 2024 primarily on account of closure of plant for past two months adversely impacting the revenues and liquidity.

Weak operational performance with thin profitability leading to default in last fiscal: The company's scale of operations remained fluctuating with inherently low profitability in meat processing business. Consequently, the company entered into agreement with Rustam Group in FY19 with envisaged committed offtake for company's products. However, with commencement of Rustom's slaughterhouse in Bihar, the volumes nosedived significantly in last 2 fiscal years, leading to liquidity crunch and eventual default in December 2022. Further, in December 2022, first information report (FIR) was filed among directors in personal capacity and income tax raid was also carried out at the premises of the company in Bareilly. All these developments led to closure of factory operations during December 2022 to Feb 2023. In Feb 2023, Rustom Group and company mutually agreed to part ways with stake of Rustom Group (who held 40% stake in the company) taken over by India Frozen Foods with effect from April 01, 2023, leading to improvement in operational performance.

Weak financial risk profile albeit moderate capital structure: Owing to stretched liquidity position and decline in profitability, coverage indicators showed a declining trend in last 5 yrs. PBILDT interest coverage declined to 1.93x (PY:2.33x) and total debt to GCA ratio deteriorated to 12.72x (PY:11.76x) in FY23. The capital structure of the company, however, stood at

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

a moderate level for last 5 years owing to healthy net worth base as compared to total debt. Overall gearing stood at 0.43x (PY: 0.44x) as on March 31, 2023. The debt profile of the company comprises of working capital borrowings in form of cash credit limit of Rs.45.19 crores and term loan to the tune of Rs. 11.67 crores as on March 31, 2023.

Foreign exchange fluctuation risk: The company's profitability margins are exposed to volatility in foreign exchange as exports accounts for ~20% of its operating income and with seizure of offtake agreement with Rustam Group, exports are expected to increase. With initial cash outlay for procurement in domestic currency and part of sales realization in foreign currency, the company is exposed to the fluctuation in exchange rates. However, the risk is partially mitigated as the company is having long term relations with the customers.

Inherent business risk due to sensitive nature of business and highly competitive nature of industry: Indian meat processing industry is highly competitive resulting into pressure on the profitability margins of the companies. There are number of abattoirs-cum-meat processing plant registered with Agricultural and Processed Food Products Export Development Authority (APEDA). Further, the import of meat products in many of the countries is subject to regulatory approvals, which are subject to adverse effects from change in trade policies of the importing countries. The regular quality checks are undertaken and done as per the regulatory guidelines of the respective countries. Also, the approval given by the Indian government for the operations of a slaughterhouse is to be renewed every year. Moreover, change in the government fiscal policy with respect to duty free import for export sector or change in the subsidized interest rates will hamper the performance of the company and affect its profitability margins. Furthermore, the meat processing industry is also exposed to risks of disease out-break which impacts the demand.

Key strengths

Experienced promoters coupled with long track record of operations: RFIPL is promoted by Mr. Firoz Ahmed Shaikh and MR. Nisar Moosa who have more than three decades of experience in the buffalo meat processing industry through various family-owned companies They are well supported by experienced professionals managing day-to-day operations of the company. The company has been in this business since 2007, which has resulted in long established relationships with both suppliers and customers. Furthermore, stake of Rustom Group (who held 40% stake in the company) has been taken over by India Frozen Foods with effect from April 01, 2023. India Frozen Foods operates as an integrated cold chain and preservation facility and is engaged in the processing and supplying of frozen buffalo meat. Unlike committed offtake agreement and restriction on business with Rustom Group, the company do not have such restrictions with India Frozen Foods.

Favourable geographical location of facilities: The company is engaged in the processing of buffalo meat and its processing facility is located in Bareilly (UP) which is the largest meat processing hub in India, which provides an easy access to raw material and skilled labour.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Meat Products including Poultry

Incorporated in 2007, Rehber Food Industries Private Limited (RFIPL) processes and sells buffalo meat in the domestic (~80%) as well as export markets. Initially incorporated as Marya Frozen Agro Foods Private Limited, the company was renamed as Rehber Food Industries Private Limited (RFIPL) in FY2018. It is owned and managed by Mr. Firoz Ahmed Shaikh and Mr. Nisar Moosa, who have extensive experience in the meat-processing business. Further, India Frozen Foods, an established player in the export of buffalo meat, acquired a 40% stake in RFIPL w.e.f. April 01, 2023. RFIPL's integrated meat-processing plant, comprising a slaughterhouse, is located at Bareilly, Uttar Pradesh. The facility has a processing capacity of 190 metric kilo gram per day, a freezing plant to store raw and finished meat, and a rendering plant to process offals.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	460.77	309.26	NA
PBILDT	12.60	10.44	NA
PAT	1.34	1.57	NA
Overall gearing (times)	0.44	0.43	NA
Interest coverage (times)	2.33	1.93	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: ICRA has continued the rating assigned to the bank facilities of Rehber Food Industries Private Limited to the "issuer not-cooperating" category vide its press release date April 29, 2024 on account of its inability to carryout review in the absence of requisite information form the company.

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various 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 along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2027	11.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	45.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working Capital Limits	LT	45.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable (14-Jul-23)	-	-
2	Fund-based - LT-Term Loan	LT	11.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable (14-Jul-23)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

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

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

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About us:

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