

Rasi Nutri Foods India Private Limited

March 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	40.00	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Rasi Nutri Foods India Private Limited (RNFPL) continue to derive strength from long presence in ready-to-eat food segment and agricultural commodities business, diversified supplier base, and satisfactory financial risk profile.

However, ratings are constrained by working capital intensive operations, moderate profitability margins with exposure to risks related to tender-driven business, and raw material price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistently growing scale of operations to above ₹600 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 5%.

Negative factors

- Deteriorating gearing levels above 2x.
- Deteriorating liquidity severely impacting debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects the company is expected to sustain its operational performance and adequate liquidity over the medium term, supported by the renewal of the Integrated Child Development Services (ICDS) contracts and long presence in ready-to-eat food segment.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established presence in supply of ready-to-eat food under ICDS

RNFPL caters trading agricultural commodities and production of ready-to-eat weaning foods under ICDS scheme in Tamil Nadu. Since inception, the company has grown to serve over 45,000 Anganwadi centres providing nutritious food to over 21 lakh children, three lakh adolescent girls, and over six lakh pregnant women and lactating mothers. The company also supplies pulses, sugar, oil, and fortified rice kernels to TNCSC (rated 'CARE BBB+; Stable'), though at lower volumes.

Strong procurement and distribution network

RNFPL procures raw materials such as pulses and grains directly from farmers and through agents. The company has diversified vendors across India to meet delivery targets. It also has employees directly managing the procurement operations and maintains an updated database of vendors across India. The company manages the distribution network on its own for the ICDS supplies.

Favourable outcome of the appeal against income tax demand

On July 5, 2018, the income tax department conducted raids on the company, and subsequently, served a demand order of ₹87 crore to RNFPL in February 2022. In the investigation, the company deposited ₹18.73 crore to revenue authorities and filed an appeal against the IT department order. In FY23, the company received the outcome of the appeal from the Commissioner

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

(appeals), IT Department, in their favour, where the taxable income has been significantly reduced, on which the tax payable was ₹7.95 crore. As such, balance refund of ₹10.78 crore has been released by revenue authorities in FY24 and has been received by the company.

Satisfactory capital structure

The company's overall gearing stood satisfactory at 0.69x as on March 31, 2024 (PY: 0.55x). Due to working capital intensive business, the short-term borrowings remain high which constitutes a major part of debt. Debt coverage indicators remained healthy, marked by an interest coverage ratio of 3.70x (PY:3.82) and total debt to gross cash accruals (TD/GCA) of 2.76 years (PY: 2.67) in FY24. As of FY24, ₹23.63 crore is treated as equity due to subordination to the bank debt.

Key weaknesses

Exposure to risks related to tender-driven business and raw material price volatility

The company enters fixed price contract for two years for supply of weaning foods under ICDS with Government of Tamil Nadu (GoTN). Since the prices are fixed at the time of bidding, the company cannot pass on increase in raw material prices to its end users. The price of raw materials such as rice, pulses, and oil have exhibited volatility in the past. As a result of the fixed price contract for a large part to the business operations, the company's margins exhibit volatility.

Liquidity: Adequate

The company's liquidity is adequate marked by sufficient cash accruals against nil repayment obligations. The company offers credit period of 30-45 days for short-term contracts and 60-90 days for long-term contracts. It relies on large working capital for the procurement of raw materials in bulk. The company generally holds 2-3-month stock for its requirement for production of weaning and ready-to-eat food. RNFPL has fund-based working capital limit of ₹40 crore. Average utilisation of the fund-based working capital limits stood at 76% for the last 12 months ended December 2024. The company had a cash and bank balance of ₹41.18 crore as on March 31, 2024.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

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[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food and other products	Other agricultural products

RNFPL supplies weaning food and other agricultural commodities such as Dhal, sugar, rice kernel, and oil to GoTN's departments under the Puratchi Thalaivar MGR Nutritious Meal and ICDS programmes. RNFPL was incorporated in 2000 as a partnership firm under the name Rasi Nutri Foods and was subsequently converted to a private limited company under its present name on June 16, 2021.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY2025(Prov.)
Total operating income	293.24	362.50	289.88
PBILDT	23.50	40.21	26.38
PAT	13.99	21.71	17.16

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY2025(Prov.)
Overall gearing (times)	1.30	1.25	NA
Interest coverage (times)	3.82	3.70	NA

A: Audited Prov.: Provisional NA: Not available; 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
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	40.00	CARE A3

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 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-Cash Credit	LT	50.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (11-Mar-24)	1)CARE BBB-; Negative (03-Mar-23) 2)CARE BBB-; Negative (05-Apr-22)	-
2	Non-fund-based - ST-Bank Guarantee	ST	40.00	CARE A3	-	1)CARE A3 (11-Mar-24)	1)CARE A3 (03-Mar-23) 2)CARE A3 (05-Apr-22)	-

LT: Long term; ST: 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	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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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