

Ramya Foods LLP

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	45.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; 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 Limited (CareEdge Ratings) has been seeking information from Ramya Foods LLP (Ramya) to monitor the rating(s) vide e-mail communications dated May 19, 2025, May 26, 2025, June 02, 2025, June 10, 2025, June 17, 2025, June 23, 2025, June 27, 2025, July 02, 2025, July 08, 2025, July 14, 2025, July 21, 2025, July 28, 2025, August 04, 2025, August 06, 2025, September 10, 2025, September 15, 2025, September 17, 2025, and September 19, 2025, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on bank facilities of Ramya will now be denoted as CARE B+; Stable; ISSUER NOT COOPERATING*.

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

The last rating assigned to bank facilities of Ramya was constrained due to the moderately leveraged capital structure and debt coverage ratios, intense competition in the industry, profitability susceptible to raw material price volatility, declining trend of profitability margins, low net worth base with additional debt leading to deterioration in the firm's overall gearing and constitution being a partnership entity. However, the rating derived strength from consistent growth in the scale of operations from FY22 to FY24, experienced promoters with an established operational track record and customer concentration despite reputable clients.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) increasing to over ₹150 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of above 10% consistently.
- Notable improvement in return on capital employed (ROCE) and total debt to gross cash accrual (TD/GCA) from existing levels.

Negative factors

- Deterioration in the overall gearing above unity, in future.
- PBILDT margin falling below 5%, on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that the entity will continue to benefit from the extensive experience of partners in the industry.

Detailed description of key rating drivers considered in last surveillance dated September 20, 2024

Key weaknesses

Moderately leveraged capital structure and debt coverage ratios

The firm's capital structure marked by the overall gearing stood moderately leveraged at 2.46x for FY24 against 6.00x in FY23. Improvement in the firm's gearing was due to the infusion of funds by partners in the firm and also profits being accredited to net reserves. The firm's debt profile comprises term loans, cash credit, and unsecured loans. On debt coverage ratios, the firm's total outside liabilities to tangible net worth (TOL/TNW) stood at 2.58x (PY: 6.13x), interest coverage ratio stood at 1.90x (PY: 2.18x) and TD/GCA also stood higher at 9.92x compared to 14.98x in FY2023.

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

Intense competition in the industry

Ramya faces competition from larger, well-established and numerous local and regional players that have emerged across the country, intensifying competition at the regional level. The primary challenge lies in retaining and expanding not only their regional presence but also strategically positioning to become national players while maintaining quality and quantity standards.

Profitability susceptible to raw material price volatility

Primary raw materials for manufacturing Cocoa mass are cocoa beans which are bound by price fluctuations due to inherent variability in supply of this agricultural commodity. Factors such as climatic conditions in growing regions, availability of substitutes for crops, government regulations affecting sugar pricing, and other demand drivers influence the prices of these commodities.

Declining trend of profitability margins

In the initial years of operations, the firm was able to retain high margins due to demand and pricing working in the firm's favour. However, due to the sudden rise in raw material prices, rising employee costs, selling costs and unequal rise in finished product prices, the firm had to sell products with lower margins. Due to this, the PBILDT margin which stood at 23.44% in FY22 and 19.42% in FY23 has fallen to 5.31%. However, the profit after tax (PAT) margins continued to remain in the range of 0.5% to 1.00%. In FY24, the PAT margin stood at 0.54%.

Low net worth base

Due to the nascent stage of operations, the entity's net worth base is small at ₹7.72 crore as on March 31, 2024, which was ₹3.58 crore as on March 31, 2023.

Constitution of the firm being a partnership entity

Ramya being a partnership firm has the inherent risk of withdrawing the partners' capital at the time of personal contingency and the firm being dissolved upon the retirement/insolvency/demise of partners. Partnership firms have restricted access to external borrowings as the creditworthiness of partners is the key factor affecting credit decisions for lenders.

Key strengths

Consistent growth in TOI in FY22 to FY24

The firm was established in 2018. However, due to the COVID pandemic, the firm had to delay its operations due to which the first full year of business with revenue was seen in FY22. In FY22, the firm reported TOI of ₹6.79 crore with a net loss of ₹0.08 crore. The firm's scale of operations has seen a significant improvement in FY24 to ₹76.17 crore against ₹13.49 crore in FY23. This was due to sudden increase in raw material prices and finished product prices. Timely capital expenditure and capacity expansion have helped the company in higher production of quantity. The firm reported ₹56.40 crore in sales in Q1FY25.

Experienced promoters with an established operational track record

The partners have over five years of experience in the manufacturing and agricultural industry. Over the years, the partners have established networks and relations with their customers and suppliers through which it has been able to get orders and execute the business efficiently.

Customer concentration despite reputable clients

The firm has a small customer base, and the sales are concentrated. Like in FY23, the sales were contributed from three customers, however, it has significantly moved towards high concentration with a single customer contributing 84% to TOI in FY24 and 97.50% in Q1FY25. Although this results in customer concentration risk, the company Lotus Chocolate Company Limited is a subsidiary of Reliance Consumer Products Limited which is wholly owned by Reliance Retail Ventures Limited. The other prominent name in the customer's list is Hatsun Agro Product Limited.

Liquidity: Stretched

The firm has tightly matched accruals of ₹1.92 crore against its repayment obligation of ₹1.78 crore for FY2025. The liquidity is supported by the above unity current ratio at 1.16x and cash equivalents amounting to ₹0.25 crore as on March 31, 2024. The firm's average fund-based working capital utilisation stood high at 86% for last 12 months ended June 30, 2024. However, the firm is expecting enhancements in working capital limits which will augur well for the firm in its operations. The firm has reported positive cash flow from operations at ₹2.18 crore in FY24.

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

Manufacturing Companies

Financial Ratios – Non financial Sector

Information Adequacy Risk and Issuer Non-Cooperation

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

Ramya Foods LLP was set up in 2018 as a limited liability partnership entity by Veera Raghava Reddy, China Satyavathi, O Varalakshmi, Satyaveni and others. The entity is engaged in manufacturing and processing cocoa mass. The firm procures cocoa beans from local distributors and processes them in the plant per customer requirements. The firm has an installed capacity of 20 metric tonnes per day as on March 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)	Q1FY25 (UA)
Total operating income	13.49	76.17	56.40
PBILDT	2.62	4.05	NA
PAT	0.08	0.41	NA
Overall gearing (times)	6.00	2.46	NA
Interest coverage (times)	2.19	1.90	NA

A: Audited UA: Unaudited 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		-	-	-	30.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31-03-2025	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*

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

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	Fund-based - LT-Term Loan	LT	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (20-Sep-24)	-	-
2	Fund-based - LT-Cash Credit	LT	30.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (20-Sep-24)	-	-

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

LT: Long 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	Fund-based - LT-Term Loan	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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