

L. C. Foods Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	23.61	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	2.43	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of L. C. Foods Limited (LCFL) factors in modest scale of operations coupled with low profitability margins. The ratings further remain constrained on account of below average financial risk profile of the company marked by leverage capital structure and weak debt coverage indicators, presence of dominant players in the market and volatile agro-commodity prices with linkages to vagaries of nature for raw material availability. The ratings however continue to draw comfort from experienced management and favourable manufacturing location.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the total operating income (TOI) of the company above Rs.120 crore with improvement in PBILDT margin 3.50% on sustained basis.
- Improvement in debt coverage parameters marked by interest coverage of more than 2.00 times.

Negative factors

- Deterioration in profitability margins as marked by PBILDT margin to 2.00% on a sustained basis.
- Deterioration in interest coverage ratio to below 1.00x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company will continue to benefit from the extensive experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations with low profitability margins

The company's total operating income grew by 30%, reaching Rs.136.96 crore in FY25 (refers to the period from April 01, 2024 to March 31, 2025), up from Rs.105.09 crore in FY24. Increase in TOI can be attributed to increase in orders received. However, the small scale limits the company's financial flexibility in times of stress and deprives it of scale benefits. The profitability margins of the company remained low as marked by PBILDT margin which moderated to 2.67% in FY25 against 3.03% in FY24 owing to increase in other manufacturing and selling expense. The profitability margins are expected to remain on similar level over the medium term due to low value addition.

Leveraged capital structure and weak debt coverage indicators

The capital structure stood leveraged as marked by overall gearing ratio of 3.69x on March 31,2025 (PY: 3.30x). Further, the debt coverage indicator remained weak as marked by interest coverage ratio of 1.28x (PY: 1.31x) and total debt/GCA of 49.29x (PY: 44.33x) in FY25.

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

Presence of dominant players in the market

The Indian wheat industry is highly fragmented and is characterized by presence of many unorganized players in the market. Wheat can further categorise into various quality of products which creates a competitive landscape owing to the presence of many small-scale companies. Also, presence of some prominent players holding major market share in staple food segment has the power to dictates price.

Volatile agro-commodity prices with linkages to vagaries of nature for raw material availability and regulated nature of the industry

LCFL is primarily engaged in the processing of wheat. Wheat being an agricultural produce is dependent on the vagaries of monsoon, while it being a staple food, its price is subject to intervention by the government. In the past, the prices of wheat have remained volatile mainly on account of the government policies in respect of Minimum Support Price (MSP), along with controls on its exports. Any volatility in the wheat prices will have an adverse impact on the performance of the flour mill. Further, wheat is cultivated between November-April and harvested in March-April. Its cultivation is dependent more on irrigation and less on the monsoon pattern. Hence, irregular rainfall patterns, improper irrigation facilities, coupled with preharvest and post-harvest losses can majorly impact its production and availability. The company is susceptible to supply side constraints like seasonal nature and exposure to the vagaries of monsoon. Therefore, any adverse climatic change in the region can impact the procurement plans of the company and in turn can impact the financial risk profile of the company.

Key strengths

Experienced Management

LCFL's operations are currently being managed by Mr. Sanjay Kesarwani and Mr. Shobhit Kesarwani. Mr. Sanjay Kesarwani is a graduate and has an accumulated experience of around two decades through his association with this entity. Prior to incorporating LCFL, he was engaged in trading of agricultural products as a wholesaler. Mr. Shobhit Kesarwani is a graduate by qualification and has an experience of around two decades through his association with this entity. In addition, the operations of the company are smoothly carried out by a team of managers and professionals who have requisite experience in their respective fields.

Location advantage

The company's processing facility is situated in Prayagraj, Uttar Pradesh. Its presence in the region gives additional advantage over the competitors in terms of easy availability of the raw material as well as favourable pricing terms. Moreover, owing to its location it is able to cut on the freight component of incoming raw materials from nearby areas like Azamgarh, Jaunpur, Barabanki, Gorakhpur and Siddharth Nagar districts.

Liquidity: Stretched

The liquidity of the position of the company remains stretched marked by tightly matched accruals vis-à-vis repayment obligations. The company has generated net cash accrual (NCA) of Rs. 0.73 crore during FY25 and is expected to generate NCA of Rs. 0.80 Crore in FY26, against repayment obligation of approx. Rs. 0.75 crore in the same year. The fund-based bank limits of were utilised at 90% during last 12 months ended November 30, 2025. The company is not planning to incur any major capex in the near to medium term.

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](#)

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

Uttar Pradesh based, L.C. Foods Private Limited (LCF) was originally incorporated as a private limited company in 2003 by Shobhit Kesarwani and with support of his father Sanjay Kesarwani. In 2006, it was reconstituted to public limited (closely held) and the company's name changed to L.C. Foods Limited. The company is engaged in processing of wheat grains into wheat flour (atta), refined wheat flour (maida), bran, semolina (suji) and choker. The company has installed capacity of 3800 quintals per day at its processing unit at Prayagraj, UP.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	105.09	136.96	86.00
PBILDT*	3.18	3.66	NA
Profit after tax (PAT)	0.30	0.40	NA
Overall gearing (x)	3.30	3.69	NA
Interest coverage (x)	1.31	1.28	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: ICRA has reaffirmed the ratings assigned to the bank facilities of LCFL, and continued the ratings under the Issuer Not Cooperating (INC) category, vide its press release dated November 27, 2024 on account of its inability to carry out review of ratings in the absence of requisite information from the company.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	January, 2027	3.61	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	20.00	CARE BB-; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	2.43	CARE BB-; Stable / CARE A4

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-Working Capital Limits	LT	20.00	CARE BB-; Stable	-	1)CARE BB-; Stable (18-Dec-24)	1)CARE BB-; Stable (27-Oct-23) 2)CARE BB-; Stable (20-Sep-23)	1)CARE B+; Stable (20-Jan-23) 2)CARE BB-; Stable (04-Apr-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	2.43	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (18-Dec-24)	1)CARE BB-; Stable / CARE A4 (27-Oct-23) 2)CARE BB-; Stable / CARE A4 (20-Sep-23)	1)CARE B+; Stable / CARE A4 (20-Jan-23) 2)CARE BB-; Stable / CARE A4 (04-Apr-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (04-Apr-22)
4	Fund-based - LT-Term Loan	LT	3.61	CARE BB-; Stable	-	1)CARE BB-; Stable (18-Dec-24)	1)CARE BB-; Stable (27-Oct-23) 2)CARE BB-; Stable (20-Sep-23)	-

LT: Long term; ST: Short term; 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	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based/Non-fund-based-LT/ST	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.

Contact us

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