R.N. Foods

October 05, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	5.86	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE B+; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Long Term Bank Facilities	RBI	14.14	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded 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 R.N. Foods (RNF) to monitor the rating(s) vide latest e-mail communications dated July 31, 2026, August 11, 2026, August 13, 2026 and September 24, 2026 along with numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Further, RNF has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The ratings on R.N. Foods' bank facilities will now be denoted as '**CARE B; Stable; ISSUER NOT COOPERATING /CARE A4 ; 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 ratings assigned to the bank facilities of R.N. Foods have been revised on account of non-availability of requisite information. Further, the ratings continue to be constrained by firm's modest scale of operations with low profitability margins, moderate capital structure with weak debt coverage indicators and working capital-intensive operations. Additionally, the ratings are also constrained owing to the seasonal nature of paddy availability with margins susceptible to raw material price fluctuation and regulations by government and constitution of the entity being a partnership firm. The ratings, however, derive strength from experienced partners and favorable location.

Analytical Approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on September 05, 2025 the following were the rating strengths and weaknesses (updated based on information shared by RNF)

Key weaknesses

Modest scale of operations with low profitability margins

Despite a marked increment of ~60%, scale of operations continues to be remained modest as the firm reported a total operating income of Rs. 164.87 crore in FY26 (Prov.) against Rs. 103.04 crore in FY25. Nevertheless, it limits the financial flexibility of the firm in times of stress and deprives it of scale benefit. Further, profitability remained thin largely due to the limited value addition nature of the business and highly fragmented and competitive nature of the industry. The commodity nature of the product i.e. rice makes the industry highly fragmented with numerous players operating in the unorganized sector with very less product differentiation. There are small scale operators which are engaged in small fraction of processing only and dispose-off semi processed rice to other big rice millers for further processing. Further, the concentration of rice millers

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

around the paddy growing regions makes the business intensely competitive. Thus, the PBILDT margin was 1.30% in FY26 (Prov.) as against 1.74% in FY25, while the PAT margin remained below unity.

Moderate capital structure and weak debt coverage indicators

The capital structure stood leveraged, as overall gearing deteriorated to 11.61x as on March 31, 2026 compared to 1.29x as on March 31, 2025 primarily due to re-classification of unsecured loans as part of the overall debt (considered as quasi equity during the previous year) and higher working capital borrowings as on year end. Further, debt coverage indicators remained stable albeit weak on back of low profitability, marked by an interest coverage of 1.42x in FY26 (Prov.) compared to 1.47x in FY25 whereas Total Debt/GCA moderated to 55.96 years as on March 31, 2026 (Prov.) compared to 26.68 years as on March 31, 2025.

Working capital-intensive operations

Due to the inherent Agro climatic risk, the millers have to stock enough paddy by end of each season as the price and quality of paddy is better during the harvesting season. During this time, the working capital requirements of the rice millers are generally on the higher side. Further, the millers are also required to stock the finished product i.e., rice to meet immediate demand of its customers. The majority funds of the firm are thus blocked in inventory, reflected by high average inventory holding period of 62 days in FY26 (PY: 85 days). Moreover, RNF avails credit period of around two months from its suppliers, resulting in average creditors' period ranging between 35 to 75 days in recent years, while it extends credit period of up to 60 days to its customers. Hence, the firm's operating cycle stood moderate at 56 days in FY26.

Seasonal nature of paddy availability with margins susceptible to raw material price fluctuation and regulations by government

Agro-based industry is characterized by its seasonality, owing to its dependence on raw materials whose availability is affected directly by the vagaries of nature. The price of rice moves in tandem with price of key raw material i.e., paddy. The availability and prices of agro commodities are highly dependent on the climatic conditions. Any adverse climatic conditions can affect their availability and lead to volatility in raw materials prices. The peak paddy procurement season is during November to January, during which the firm builds up the raw material inventory to cater to the milling and processing of rice throughout the year. The monsoon has a huge bearing on crop availability which determines the prevailing paddy prices. Since there is a long-time lag between raw material procurement and liquidation of inventory, the firm is exposed to the risk of adverse price movement resulting in lower realization than expected. Moreover, the Government of India (GOI), to safeguard the interest of farmers, every year decides a minimum support price (MSP) of paddy which limits the bargaining power of rice millers over the farmers. The sale of rice in the open market is also regulated by the government through levy quota and fixed prices. Due to the aforementioned regulations along with intense competition, the bargaining power of the rice millers against the suppliers of paddy and the customers is limited.

Constitution of the entity being a partnership firm

RNF's constitution being a partnership firm has the inherent risk of withdrawal of partners' capital at the time of personal contingency and the firm being dissolved upon the demise/retirement/insolvency of the partner. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be a key factor affecting the credit decision of lenders. The partners infused capital worth Rs. 1.69 crore during FY26 (Prov.) compared to an infusion of Rs. 6.11 crore during FY25.

Key strengths

Experienced partners

The partners have more than fifteen years of experience in the rice milling industry. The firm benefits from the partners' understanding of the dynamics of the industry and established relationships with customers. Yugal Singla and Ishwar Chand Garg are the partners of the entity who hold experience of more than one and half decade in the rice milling industry. Along with the partners, the family members are well-equipped with business practices of the rice milling industry.

Favorable location

The firm's processing facility is situated in Karnal, Haryana. Its presence in the region gives additional advantage in terms of easy availability of the raw material as well as favorable pricing terms. Moreover, owing to its location it is able to cut on the freight component of incoming raw materials from Northern belt of India.

Assumptions/Covenants: Not applicable

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

Applicable Criteria
CARE Ratings' criteria on information adequacy risk and issuer non-cooperation
Policy on default recognition
Rating Outlook and Credit Watch
Financial Ratios – Non-financial Sector
Manufacturing Companies
Short Term Instruments

About the firm and industry

Industry classification

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

Established in the year 2017, R.N. Foods (RNF) was a proprietorship firm till 2024, now constituted as Partnership firm based in Karnal, Haryana. Till August,2024 Rakesh Garg was the proprietor who manages its business affairs. Now, Ishwar Chand Garg and Yugal Singla has joined in an partners and taken control over the firm. RNF is engaged in processing, grading and sorting of basmati rice at its rice mill situated in Karnal, Haryana. It sells the basmati rice in domestic market only. It procures its key raw material i.e., paddy from traders located in Uttar Pradesh, Bihar, Punjab, Madhya Pradesh, Rajasthan, Haryana and so on. Similarly, in terms of clientele, it has diversified customer base which comprises of exporters as well as domestic players.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Prov.)
Total operating income	103.04	164.87
PBILDT*	1.80	2.14
Profit after tax (PAT)	0.22	0.31
Overall gearing (x)	1.29	11.61
Interest coverage (x)	1.47	1.42

A: Audited; Prov.: Provisional; Note: these are latest available financial results
*PBILDT: Profit before Interest, lease rentals, depreciation and taxes

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators
Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	13.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	RBI	Simple	-		-	March, 2029	1.14	CARE B; Stable; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	5.86	CARE B; Stable / CARE A4; 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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	1.14	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (05-Sep-25)	1)CARE B; Stable (20-Aug-24) 2)CARE D (07-May-24)	1)CARE B+; Stable (05-Jul-23)
2	Fund-based - LT-Cash Credit	LT	13.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (05-Sep-25)	1)CARE B; Stable (20-Aug-24) 2)CARE D (07-May-24)	1)CARE B+; Stable (05-Jul-23)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	5.86	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable / CARE A4 (05-Sep-25)	1)CARE B; Stable / CARE A4 (20-Aug-24) 2)CARE D / CARE D (07-May-24)	1)CARE B+; Stable / CARE A4 (05-Jul-23)

*Issuer did not cooperate; based on best available information.
LT: Long term; LT/ST: Long term/Short term

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

Annexure-4: Lender detailsAnnexure-4: 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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