

Rating Rationale

March 04, 2025 | Mumbai

Foods and Inns Limited

Ratings reaffirmed at 'Crisil BBB/Stable/Crisil A3+'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.321.96 Crore (Enhanced from Rs.234.78 Crore)
Long Term Rating	Crisil BBB/Stable (Reaffirmed)
Short Term Rating	Crisil A3+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.

The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil BBB/Stable/Crisil A3+' ratings on the bank loan facilities of Foods and Inns Limited (FIL).

The ratings continue to reflect the extensive experience of FIL's promoter in the food processing business, the company's established market position, geographical diversification in revenue and healthy financial risk profile. These strengths are partially offset by susceptibility of its revenue and profitability to volatility in fruit prices and large working capital requirement.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of FIL.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoter:** The promoter, Mr Dalal, has been in the food processing industry for more than four decades, which has helped him develop deep understanding of the market dynamics and establish healthy relationships with customers and suppliers. This will continue to support the business. The daily operations are managed by an experienced professional management team.
- **Established market position in the food processing industry:** FIL caters to a large number of customers, including top beverage companies such as Coco Cola, and Pepsico, both in India and overseas. The company generates 35-40% of revenue from exports, primarily to Europe. This, coupled with capacity expansion, has led to healthy revenue over the past two fiscals through fiscal 2024, to Rs 980-1,000. The company achieved revenue of Rs 594 crore in the first nine months of fiscal 2025. The revenue is expected to remain healthy over the medium term backed by healthy demand, product addition and capacity expansion during fiscal 2024. Diversity in geographic reach and clientele along with addition of new products should continue to support the business.
- **Healthy financial profile:** Networth and total outside liabilities to adjusted networth ratio were at Rs 387 crore and 1.6 times, respectively, as on March 31, 2024. The capital structure has improved, with equity infusion in fiscal 2024 and the first quarter of fiscal 2025 leading to reducing reliance on external debt and creditors to support working capital management. The capital structure is expected to improve further over the medium term. Debt protection metrics were moderate, as reflected in interest coverage and net cash accrual to total debt ratios of 2.7 times and 0.11 time, respectively, in fiscal 2024 (3.7 times and 0.18 time, respectively, a year earlier). Improvement in the debt protection metrics with reduced reliance on external debt will remain monitorable over the medium term.

Weaknesses:

- **Susceptibility of revenue and profitability to volatility in fruit prices:** Tropical fruit processing units can operate only during the harvest season (May to July for mangoes). Furthermore, the yield varies each year, rendering the company's revenue susceptible to availability of mangoes. Also, mango harvest is affected by weather conditions which impact prices. As a result, FIL's operating margin has been volatile, ranging from 8% to 11% over the four years through fiscal 2023. The operating margin improved to 13% in fiscal 2024 due to income from the Production-Linked Incentive (PLI) scheme, net off which the margin would be 10.5-11.0%.The company has limited bargaining power due to intense industry competition. Currently, mango pulp is the major revenue contributor (70-80%) for the company. However, the company is adding products and expects revenue to increase from other products over the medium term.
- **Large working capital requirement:** Operations are working capital intensive, as reflected in gross current assets (GCAs) of 233 days as on March 31, 2024, driven by moderate receivables and large inventory of 66 days and 156 days, respectively. The company provides credit of around two months to customers while the inventory is high due to

the seasonal nature of raw material. Inventory was stretched as of March 2024 due to the year-end scenario, and is expected to reduce over the medium term. However, delays in payment from customers can affect liquidity. The working capital requirement will remain large over the medium term.

Liquidity: Adequate

Bank limit utilisation was high at 95% on average for the 12 months through December 2024. Annual cash accrual is expected at Rs 40-50 crore against yearly term debt obligation of Rs 20-21 crore over the medium term, and will cushion liquidity. The current ratio was moderate at 1.28 times and the company had large cash and bank balance of around Rs 40 crore as on March 31, 2024, of which around Rs 20 crore was unencumbered.

Outlook: Stable

Crisil Ratings believes FIL will continue to benefit from the extensive experience of its promoter and established relationships with clients.

Rating sensitivity factors

Upward factors:

- Improvement in the working capital cycle and financial risk profile with interest coverage more than 2.8 times
- Significant increase in revenue with stable operating margin leading to higher cash accrual

Downward factors:

- Increasing working capital requirement leading to stretch in liquidity
- Decline in revenue or operating margin leading to net cash accrual of less than Rs 30 crore

About the Company

FIL, a public limited company incorporated in 1967, processes and markets fruit pulps, purees, concentrates and spray dried fruit and vegetable powders in the domestic and international markets. The company processes mango, guava, banana and tomato pulp. It has manufacturing units in Andhra Pradesh, Gujarat and Maharashtra. The company is promoted by Mr Dalal and is professionally managed.

It is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and Mr. Bhupendra Dalal is the chairman.

Key Financial Indicators

As on / for the period ended March 31	Unit	9M 2025	2024	2023
Operating income	Rs crore	590	997	981
Reported profit after tax (PAT)	Rs crore	20.1	37	47
PAT margin	%	3.4	3.7	4.8
Adjusted debt/adjusted networkth	Times	-	1.2	1.1
Interest coverage	Times	1.9	2.7	3.7

Status of non cooperation with previous CRA

Brickwork Ratings aindia Private Limited has assigned non-cooperative remarks to the ratings of FIL vide dated press release on 29th November 2022 due to non-cooperation by FIL to undertake a rating review process.

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	68.00	NA	Crisil BBB/Stable
NA	Export Packing Credit	NA	NA	NA	48.00	NA	Crisil BBB/Stable
NA	Letter of Credit	NA	NA	NA	13.00	NA	Crisil A3+
NA	Letter of credit & Bank Guarantee	NA	NA	NA	28.00	NA	Crisil A3+
NA	Packing Credit	NA	NA	NA	109.00	NA	Crisil BBB/Stable
NA	Proposed Working Capital	NA	NA	NA	1.50	NA	Crisil BBB/Stable

Facility							
NA	Term Loan	NA	NA	29-Feb-28	27.98	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	31-Oct-27	5.41	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	31-Mar-28	21.07	NA	Crisil BBB/Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	280.96	Crisil BBB/Stable	--	--	16-09-24	Crisil BBB/Stable / Crisil A3+	03-07-23	Crisil BBB/Stable / Crisil A3+	15-12-22	Crisil BBB-/Positive	Withdrawn
			--	--	--	--	--	02-01-23	Crisil BBB-/Positive / Crisil A3		--	--
Non-Fund Based Facilities	ST	41.0	Crisil A3+	--	--	16-09-24	Crisil A3+	03-07-23	Crisil A3+		--	Withdrawn
			--	--	--	--	--	02-01-23	Crisil A3		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	68	Union Bank of India	Crisil BBB/Stable
Export Packing Credit	48	State Bank of India	Crisil BBB/Stable
Letter of Credit	13	HDFC Bank Limited	Crisil A3+
Letter of credit & Bank Guarantee	28	Union Bank of India	Crisil A3+
Packing Credit	30	Union Bank of India	Crisil BBB/Stable
Packing Credit	47.78	HDFC Bank Limited	Crisil BBB/Stable
Packing Credit	31.22	HDFC Bank Limited	Crisil BBB/Stable
Proposed Working Capital Facility	1.5	Not Applicable	Crisil BBB/Stable
Term Loan	27.98	State Bank of India	Crisil BBB/Stable
Term Loan	5.41	HDFC Bank Limited	Crisil BBB/Stable
Term Loan	21.07	Bank of Maharashtra	Crisil BBB/Stable

Criteria Details**Links to related criteria**[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

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