



Press Release

Ranga Food Products LLP

August 27, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	60.00	IVR BB/Stable (IVR double B with Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities	1.57	IVR A4	-	Assigned	Simple
Total	61.57	Rupees sixty one crore fifty seven lakh only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the bank facilities for long term facilities as IVR BB with stable outlook and short-term rating as IVR A4 for the bank loan facilities of Ranga Food Products LLP.

The rating assigned to the bank facilities of Ranga Food Products LLP draws comfort from its experienced partners and strategic plant location. However, these strengths are partially offset by nascent stage of operation, partnership nature of the constitution and presence in highly competitive industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that RFPLLP will continue to benefit from its experienced partners and steady demand of the product.

Key Rating Sensitivities:

Upward Factors

- Achievability of projected operating parameters.
- Stabilization of operations and generation of the cash flows as projected.

Downward Factors



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- Non-stabilization of operations impacting the projected cash flows.
- Deterioration in financial risk profile on account of stretch in working capital cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strategic Plant Location**

The project is situated at Kampasagar (V), Thripuraram (M), Nalgonda District. The site is ideally situated and near major Agricultural belt, and easily accessible to farmers and traders. The place has regulated market where paddy is available, and the market has high inflow of paddy. There are other big centers around the place from where paddy can be procured.

- **Experienced Partners**

The Partners come from agricultural family and have experience in running similar businesses. They have developed a good contact in the line of business and are having good knowledge about the rice manufacturing and processing industry. Hence all the contacts, knowledge, experience, and skills will be used in successful implementation of the subject project and running the business successfully.

Key Rating Weaknesses

- **Nascent Stage of operation**

With operation commencing in April 2024, the firm is in its nascent stage of operations. Going forward the firm's ability to achieve projected growth while maintaining adequate profitability would remain a key monitorable.

- **Partnership nature of constitution**

Ranga Foods products LLP's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Additionally, partnership firms have restricted access to external borrowing as credit decision of the lenders is largely dependent on credit worthiness of the partners.

- **Presence in highly competitive industry**



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The food processing industry in India is highly fragmented, with presence of established and unorganized players in the industry. The firm's bargaining power with customers is limited and intense competition put pressure on profitability of both the existing as well as new players.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity – Adequate

The Firm is expected to generate gross cash accruals of ~Rs. 9.15 crore to ~Rs. 12.22 crore as against its debt repayment obligations of ~Rs. 2.52 crore to ~Rs.4.68 crore in the period FY 25 to FY 30. The working capital loan of Rs.20.00 Crores is sanctioned for the smooth functioning of the firm post commercial operation on day-to-day basis. Cash balances of the firm is expected to be within range of ~Rs 0.19- ~Rs.0.13 crore in the projected years.

About the Firm

M/s Ranga Food Products LLP is a limited liability Partnership firm established on 26.05.2022 with 4 partners. The promoters have experience of more than 2 decades in rice manufacturing.

The main promoters are Sri Ranga Sridhar aged 45 years and Mr Ranga Viswanadham, aged 74 years and they have been associated with business.

The manufacturing unit will have facility to undertake processing of paddy. The unit has capacity of 84000 MT of paddy per annum on paddy. The plant got into operations in the month of April 2024. The plant has a 16 TPH rice mill with 6 flat bottom silos and it has a storage capacity of 25000 tons of paddy. Drier capacity of 700 tons per day. It consists of 12 ton boiler and a 70 ton cooker.

Financials (Standalone): Ranga Food Products LLP commenced its operation in April 24 and standalone projections being considered.



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Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	60.00	IVR BB/Stable	-	-	-
2.	Non-Fund Based	Short Term	1.57	IVR A4	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2033	40.00	IVR BB/Stable
Cash Credit	-	-	-	-	20.00	IVR BB/Stable
CEL	-	-	-	-	1.57	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-RangaFoodProducts-aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.