



## Press Release

### Regal Kitchen Foods Limited

March 25<sup>th</sup>, 2025

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities	18.22	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
2.	Short Term Bank Facilities	39.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
<b>Total</b>		<b>57.22</b>	<b>Rupees Fifty-Seven Crore and Twenty-Two Lakhs Only</b>			

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 Valuation and Rating Limited (IVR) has assigned long term rating of IVR BBB- with Stable outlook and short-term rating of IVR A3 for the bank loan facilities of Regal Kitchen Foods Limited (RKFL).

The rating continues to draw comfort from experienced promoters and long track record of operations, improvement in scale of operations and moderate capital structure and debt protection metrics. However, these rating strengths are partially offset by vulnerability to volatility in raw material prices and exposure to intense competition.

The outlook is expected to remain Stable on account of long track record of operations, experienced promoters, long term relationship with its major customers and suppliers and long track record of operations. IVR believes RKFL will continue to benefit from favourable demand for ready to eat products, and improvement in the scale of operation.

IVR has principally relied on the audited financial results of RKFL upto 31 March 2024, (i.e. review period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024), 10MFY25 (unaudited results and projected financials for FY2025, FY2026 and FY2027 and publicly available information/clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in scale of operations and operating profitability margins over 15%.
- Improvement in the capital structure specific credit metrics gearing below unity.

#### Downward Factors

- Substantial decline in scale of operations and operating profitability margins below 11%.
- Improvement in the capital structure specific credit metrics gearing below unity.

### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

- **Experienced promoters and long track record of operations**

The promoters have long-standing experience in production and selling of ready to eat food products. Currently, Mr. Manish Madan, director, looks after day-to-day affairs of the company along with other directors and a team of experienced personnel. RKFL is a professionally managed company with two independent directors on board along with other professionally qualified KMPs. All the directors are having vast experience in the same industry. This apart, the company has started operation since 2015, thus enjoying long and proven track record.

- **Improvement in scale of operations**

The company's total operating income (TOI) has improved significantly by 32.29% to Rs. 123.83 crore in FY2024 as against Rs. 93.61 crore in FY2023 due to an increase in sales volume and new contracts procured by the company. The EBITDA improved to Rs.13.89 crore in FY2024 as against Rs.9.31 crore in FY2023. The PAT of the company also improved from Rs.5.06 crore in FY2023 to Rs.6.59 crore in FY2024.

- **Moderate capital structure and debt protection metrics**

The tangible net worth stood moderate at Rs.27.08 crore as on March 31, 2024, and expected to improve with steady accretion to reserves. The total indebtedness of the company marked by TOL/TNW continues to remain moderate and stood at 2.15x as on March 31, 2024, as against 3.85x on March 31, 2023, due to elevated debt levels. The overall gearing has improved but remain moderate at 1.49x as on March 31, 2024 (2.44x as on March 31, 2023). The debt protection metrics remained moderate in



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FY2024, with debt service coverage ratio (DSCR) and interest service coverage ratio (ISCR) stood at 1.98x and 3.09x respectively in FY2024.

### B. Key Rating Weaknesses

- **Vulnerability to volatility in raw material prices**  
Key raw materials include agricultural products, such as raw jasmine rice, raw basmati rice, raw non-basmati rice, oil, spices, millets. Raw material prices depend on inflation, timely and adequate monsoon, and government policies. The group makes calibrated price adjustments after factoring in the market dynamics and competitive positioning. Improvement in operating margin is a key rating sensitivity factor.
- **Exposure to intense competition**  
RKFL mainly operates in northern America and Europe, which is a hub of food processing industry and comprises many similar players with limited product differentiation. Intense competition restricts the pricing flexibility of the companies. This apart, the fortune of the company is directly related to changes in food habits and lifestyle of consumers.

**Analytical Approach:** For arriving at the ratings, INFOMERICS has applied its rating methodology as detailed in the rating criteria below. IVR has analysed RKFL's credit profile by considering the standalone financial statements of the company.

### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### Liquidity – Adequate

The company's liquidity is expected to be adequate. The gross cash accruals stood comfortable at Rs. 9.14 crore for FY2024 against a repayment obligation of Rs. 2.39 crore in FY2024. The company is expected to generate cash accruals between Rs. 16.89 crore to Rs.34.31 crore during the FY2025-27 which are sufficient for repayment obligations. The average working capital utilization of its fund based working capital limits stood low at ~49.64% during the past 12 months ended December 2024 indicating a sufficient liquidity buffer.



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### About the Company

Regal Kitchen Foods Limited is a prominent Indian food manufacturing company specializing in ready-to-eat and ready-to-cook products. Established in 2008, the company focuses on delivering high-quality, preservative-free, and authentic Indian cuisine to both domestic and international markets. With a manufacturing facility in Himachal Pradesh, Regal Kitchen emphasizes hygiene, innovation, and sustainability in its processes. Their diverse product range includes canned foods, curries, pickles, and sauces, catering to the evolving tastes of modern consumers while maintaining traditional flavours. The company has earned numerous certifications and has a strong presence across more than 20 countries.

### Financials (Standalone):

	(Rs. crore)	
For the year ended*/As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	93.61	123.83
EBITDA	9.31	13.89
PAT	5.06	6.59
Total Debt	37.88	40.25
Tangible Net worth	15.55	27.08
EBITDA Margin (%)	9.95	11.22
PAT Margin (%)	5.30	5.23
Overall Analysed Gearing Ratio** (x)	2.44	1.49
Interest Coverage Ratio (x)	3.62	3.09

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-243	Date(s) & Rating(s) assigned in 2021-22
1.	Fund based	Long Term	18.33	IVR BBB-/Stable	-	-	-
2.	Fund based	Short Term	39.00	IVR A3	-	-	-



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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd. ] 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.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2025	0.47	IVR BBB-/Stable
Term Loan	-	-	July 2029	2.07	IVR BBB-/Stable
Term Loan	-	-	March 2031	0.34	IVR BBB-/Stable
Term Loan	-	-	March 2027	0.78	IVR BBB-/Stable
Term Loan	-	-	January 2031	5.63	IVR BBB-/Stable
Term Loan	-	-	March 2027	1.18	IVR BBB-/Stable
Term Loan	-	-	January 2028	1.67	IVR BBB-/Stable
Term Loan	-	-	May 2028	6.08	IVR BBB-/Stable
Packing Credit	-	-	-	39.00	IVR A3

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Regal-Kitchen-mar25.pdf>

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

**Annexure 4: List of companies considered for consolidated 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](http://www.infomerics.com).