

February 26, 2025

## Tasa Foods Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund based- Cash Credit	0.25	0.25	[ICRA]BB+ (Stable); reaffirmed
Long Term - Fund based-Term Loan	8.50	8.50	[ICRA]BB+ (Stable); reaffirmed
Short Term - Fund based	40.00	40.00	[ICRA]A4+; reaffirmed
Short Term - Non-Fund based	2.00	2.00	[ICRA]A4+; reaffirmed
<b>Total</b>	<b>50.75</b>	<b>50.75</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings reaffirmation on the bank lines of Tasa Foods Private Limited (TFPL) considers an expected improvement in the company's operational and financial performances over the medium term, supported by the extensive experience of the promoters in the food processing industry (mango pulp production) and established relationships with its customers. The ratings continue to derive comfort from the proximity of the Group's pulp-manufacturing facility to the mango-producing belt. While TFPL's consolidated revenues declined by 13% to Rs. 212.4 crore in FY2024 due to lower realisation, its operating margins improved by 150 bps on a YoY basis to 11.5% with moderation in raw material prices. In 10M FY2025, the Group registered revenues of Rs. 191 crore and is likely to register an 8-9% YoY increase in revenues in FY2025, while the operating margins are likely to remain flat. Besides, coverage indicators remain healthy, as reflected by interest coverage and debt service coverage ratio of 3.4 times and 1.7 times, respectively in FY2024.

The ratings, however, remain constrained by the small scale of operations and moderate, albeit improving, net worth of the Group. Moreover, the ratings continue to be constrained by the fragmented nature of the industry, which limits the pricing flexibility of industry participants. ICRA notes that raw material prices in the food business are vulnerable to climatic conditions and agricultural output, which make TFPL's margins volatile. TFPL is also exposed to forex fluctuation risk as the major portion of its revenue is derived from exports.

The Stable outlook on the long-term rating reflects ICRA's expectation that TFPL is likely sustain its operating metrics over the medium term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex will be funded in a manner that it is able to maintain its debt protection metrics commensurate with the existing ratings.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in food processing industry and long-term relationships with key clients** – The promoters of the Group have over two decades of experience in the food processing industry. The Group has established marketing and sales network across Andhra Pradesh. Further, it continues to receive repeat orders from its major customers, such as Parle Agro Foods Private Limited and other export clients, indicating established relationships with its customers. A diversified product portfolio and sizeable manufacturing base enabled the company to develop a wide customer base, which includes

Dabur, Varun Beverages among others. A steady increase in offtake from its customers is likely to support its revenues, going forward.

**Easy availability of raw materials supports healthy profitability** – The company’s manufacturing unit is in Chittoor, Andhra Pradesh, which is one of the major mango-growing belts in the country. This helps it to buy good quality raw materials and reduce transportation expenses. Despite moderation in revenues in FY2024, the company had registered a CAGR increase of ~11.9% over the last 5 years. In 10M FY2025, the Group registered revenue of Rs. 191 crore and is likely to register an 8-9% YoY increase in revenue in FY2025. Further, the operating margins are likely to remain stable.

### Credit challenges

**Seasonality in business and agro-climatic risks** – Seasonality leads to low-capacity utilisation for a significant period of the year and variability in working capital requirements. It also exposes the company to agro-climatic conditions. Raw material prices in the food business are vulnerable to climatic conditions and agricultural output.

**Intense competition in food processing industry and exposure to foreign exchange rate fluctuation** – TFPL continues to operate on a modest scale in the processed food industry, which is characterised by the presence of several organised and unorganised players. The competitive pressure limits scaling up of operations and pricing flexibility. Further, the company earns significant export revenues, which expose it to the volatility in the forex rates. Absence of forex hedging mechanism may exert pressure on the profitability.

### Liquidity position: Adequate

The Group’s liquidity has improved in the recent past on the back of enhancement in its working capital limits coupled with improved earnings. Its cash flows are expected to remain adequate, supported primarily by the unutilised lines of credit. Its average working capital utilisation in the past 12 months ending in December 2024 stood at ~86%. Further, the Group is expected to generate fund flow from operations of ~Rs. 16 crore in FY2025 against debt repayments of Rs. 5.6 crore.

### Rating sensitivities

**Positive factors** – ICRA could upgrade the ratings if there is a healthy and sustained increase in the Group’s revenues and profitability, leading to strengthened net worth position and improved liquidity position.

**Negative factors** – The ratings could be downgraded if there is a sustained pressure in the company’s operating performance or any large debt-funded capex, which would adversely impact the liquidity and debt protection metrics. Specific metric that could result in ratings downgrade includes Debt/OPBDITA of more than 3.5 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated operational and financial profile of TFPL; the details of subsidiary (consolidated) are mentioned in Annexure-2

## About the company

TFPL, incorporated in 1999, produces fruit pulp and fruit concentrates. The company's manufacturing plant is in Chittoor district in Andhra Pradesh, which is one of the main mango-growing belts in India. The installed capacity of the plant is 55,000 MTPA. The major export destinations of the company include European and African countries. The company is involved in sales of fruit pulps and fruit concentrates of guava, banana and papaya apart from mango. TFPL also processes mango and supplies pulp to Parle Agro Private Limited, Varun beverages, Dabur etc., on a job-work basis.

RMM Food Products (RMM) was a partnership firm established in 1984 and exports fruit pulp from its manufacturing unit at Chittoor. In FY2023, TFPL had acquired a 97% stake in the partnership firm. Further, in July 2023, RMM was converted into a private limited company named M/s. RMM Food Products Private Limited (RFPPL). At present, RFPPL is a subsidiary of TFPL.

## Key financial indicators (Audited)

	Consolidated		Standalone	
	FY2023	FY2024	FY2023	FY2024
Operating income	244.7	212.4	193.9	166.5
PAT	6.6	4.3	5.8	3.2
OPBDIT/OI	8.4%	10.9%	10.0%	11.5%
PAT/OI	2.7%	2.0%	3.0%	1.9%
Total outside liabilities/Tangible net worth (times)	2.4	3.5	2.3	3.2
Total debt/OPBDIT (times)	2.0	2.7	1.8	3.2
Interest coverage (times)	3.8	3.4	4.7	3.8

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2025)		Chronology of rating history for the past 3 years	
			Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
			Feb 26, 2025	Dec 06, 2023	Dec 30, 2022	Oct 22, 2021
1 Cash credit	Long term	0.25	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)
2 Term loan	Long term	8.50	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)
3 Packing credit /PCFC/FDB	Short term	40.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	[ICRA]A4
5 Bank guarantee /Letter of credit	Short term	2.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4	[ICRA]A4

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term - Fund based- Cash credit	Simple
Long-term - Fund based-Term loan	Simple
Short-term - Fund based	Simple
Short-term - Non-fund based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon R.	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	0.25	[ICRA]BB+ (Stable)
NA	Term Loan	FY2016	NA	FY2028	8.50	[ICRA]BB+ (Stable)
NA	Packing credit (PC)/PCFC/FDB	NA	NA	NA	40.00	[ICRA]A4+
NA	Bank Guarantee/LC	NA	NA	NA	2.00	[ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	TFPL Ownership	Consolidation Approach
RMM Food Products Private Limited	97%	Full Consolidation

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