

June 30, 2025

Sahyadri Farmers Producer Company Limited: Ratings upgraded to [ICRA]A- (Stable)/ [ICRA]A2+; rated amount enhanced

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|--------------------------------------|-------------------------------------|---|
| Cash Credit | 12.00 | 20.00 | [ICRA]A- (Stable); Upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced amount |
| Working Capital Demand Loan | (12.00) | (20.00) | [ICRA]A- (Stable); Upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced amount |
| Letter of Credit (Sub limit of Cash Credit) | - | (4.00) | [ICRA]A2+; assigned |
| Term Loans | 8.00 | 6.66 | [ICRA]A- (Stable); Upgraded from [ICRA]BBB+ (Stable) |
| Letter of Credit | - | 5.00 | [ICRA]A2+; assigned |
| Bank Guarantee (Sub limit of LC) | - | (1.00) | [ICRA]A2+; assigned |
| Overdraft | 20.00 | 20.00 | [ICRA]A- (Stable)/ [ICRA]A2+; Upgraded from [ICRA]BBB+ (Stable)/ [ICRA]A2 |
| Total | 40.00 | 51.66 | |

*Instrument details are provided in Annexure I

Rationale

The ratings action considers the healthy improvement in Sahyadri Farmers Producer Company Limited's (SFPCL) credit profile on the back of scale-up of operations with a 26% growth in revenues in FY2025, which translated into improvement in margins and debt metrics. The performance was supported by product diversification (introduction of offerings under dry fruits segment including cashew, almond, pistachios and raisins in addition to citrus value-added products), capacity enhancements and value addition initiatives. This coupled with healthy demand conditions has further supported the company's growth trajectory. Moreover, the company raised Rs. 390 crore from private equity (PE) investors, which include infusion of Rs. 290 crore as compulsory convertible preference shares (CCPS) in its subsidiary, Sahyadhri Post Harvest Care Limited (SPHCL), and infusion of Rs. 100 crore in SFPCL through dilution of SFPCL's stake in SPHCL. The infused funds are expected to be utilised to fund the capacity expansion of its climate-resilient patented varieties of grapes and citrus, enhancing its packhouse and processing capacities, and scaling up of its value-added product lines including aseptic, freeze-dried products, juice concentrates, and dry fruits, which will drive revenue growth over the medium term.

Backed by healthy demand, along with strategic product portfolio enhancement and capacity expansion initiatives, the company, on a consolidated level, has witnessed a healthy scale-up of revenue at a CAGR of 33% during FY2020-FY2025. The company is expected to record a healthy revenue growth of 25-30% in FY2026, driven by scaling up of operations from the capacity enhancement exercises undertaken over the past few fiscals. The ratings are also supported by the extensive experience of more than 25 years of the promoters in the agricultural produce business across domestic and export markets. The ratings also continue to favourably factor in the company's established relationships with its suppliers and customers, along with forward integration into the value-added, processed food segment, which supports its margins.

The ratings, however, remain constrained by the working capital intensive nature of operations, given the seasonal nature of the business, and the exposure of revenue and profitability to agro-climatic risks in terms of adequate production and delivery of fresh produce to the final customer. Although the company is actively diversifying its product portfolio, the same remains

concentrated towards grapes. The company's revenue as well as profitability remains vulnerable to quality and produce of grapes for any particular year.

This apart, SFPHCL has an obligation to buy back stake from the PE investors, which invested in the company during FY2023 and FY2025, if the investors are unable to exit the company through other options. As per the Shareholders Agreement, the buyback clause is subject to regulatory restrictions given in the Companies Act and requisite approvals, including but not limited to approval from lenders of the company. Any material liability arising on the company in case of such buyback option being triggered by the investors, adversely impacting the capital structure or liquidity profile after agreed period, will remain a key monitorable. The ratings also continue to remain constrained by the susceptibility of the margins to foreign exchange (forex) rate fluctuations, given the large export volumes, however, active hedging strategies mitigate the same to an extent.

The Stable outlook on the [ICRA]A- rating reflects ICRA's expectation that the company's revenues and earnings will continue to record a healthy growth, supported by the growing demand for its products and its sustained focus on capacity enhancement initiatives.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the agricultural industry with strong presence in grape exports – The promoter has more than 25 years of experience in the agricultural industry, primarily in grape export. The company has been among the largest exporters of grapes from India in the last five years.

Established relationship with suppliers and customers – The company has been associated with over 30,000 farmers in the Nashik region of Maharashtra, resulting in access to 30,000 acres of farmland, ensuring a regular supply. Further, the company enjoys established relationships with its customers, primarily in export markets, with a history of repeat orders.

Large scale of operations with steady growth over the last five fiscals – The company's scale of operation has witnessed a steady ramp-up in the last five fiscals, rising at a CAGR of 33% to Rs. 1,924.6 crore in FY2025 from Rs. 458.0 crore in FY2020, supported by increasing exports, product portfolio enhancement and capacity enhancement. The company also carries out contract manufacturing of processed foods with a reputed customer for ketchups and jams. It has also ventured into citrus processing, dehydrated and powdered products, cashew nuts and dry fruits, etc, which supported the top line growth and margins. Planned capacity expansions and continued healthy demand are expected to drive growth, growing forward.

Sizeable investments from PE investors in its subsidiary to provide adequate growth capital for near-term capex plans – In December 2024, Rs. 390 crore was raised through PEs, of which Rs. 290 crore was infused into SFPHCL in the form of CCPS, and Rs. 100 crore was routed through SFPCL via the partial acquisition of its stake in SFPHCL. The fund infusion is expected to support funding of the capex plans, which is expected to fuel growth over the medium term. Earlier in FY2023, there was an infusion of Rs. 310 crore, comprising Rs. 250 crore (Rs. 166.5 crore of fresh equity and Rs. 83.50 crore of zero-coupon CCDs) in SFPHCL and Rs. 60 crore in SFPCL from its stake dilution to PEs. The CCD of ~Rs. 83.50 crore is without any coupon rate and perpetual tenure with milestone-based conversion into equity. The fund infusions over the years have strengthened the net worth base, reducing its dependence on external debt for its near-to-medium term capex requirements. However, it is noted that the company may need to buy back the shares from PEs if they cannot exit through other means.

Credit challenges

Working capital intensive nature of operations due to seasonal business cycle – The operations continue to be working capital intensive, as reflected by NWC/OI of ~37% as on March 31, 2025 (provisional) because of elongated receivables of ~114 days and inventory of ~69 days. The same is largely on account of seasonal nature of the business (primarily for grape exports) as around 50% of total sales take place in the last quarter of the financial year. The working capital utilisation thus, remains high in the second half of any year and efficient management of the same remains key for its liquidity profile.

Exposed to vagaries of the monsoons and other agro-climatic risks, along with product concentration and forex fluctuation risks – As the company is mainly engaged in selling of fresh and processed agricultural products, its revenues and earnings remain exposed to agro-climatic risks, wherein adverse weather conditions could impact availability and quality of the products. Further, the business is exposed to product concentration risk, as grape exports generate a significant share of fresh fruit and vegetable (fresh F&V) sales. Exports continue to form a major chunk of the operating revenues, exposing its margins to adverse forex fluctuations. However, the company has been hedging its exposure through forward contracts and borrowings in foreign currency to mitigate the risks to an extent.

Liquidity position: Adequate

At the consolidated level, the liquidity position remains adequate, supported by expected retained cash flow of Rs. 50-60 crore in FY2026 and unutilised lines of credit of around Rs. 173 crore as of March 2025. The working capital utilisation tends to be higher in the second half of a fiscal due to the seasonal nature of the business. Further, at the consolidated level, the company held cash and bank balances of Rs. 200 crore, following funds raised (as equity and compulsory convertible preference shares) in December 2024. The company has capex plans worth Rs. 200-220 crore, which is expected to be funded through existing cash balances and internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade SFPCL's ratings if a sustained increase in scale and profitability leads to an overall strengthening of the financial profile as well as improvement in its coverage indicators and overall liquidity profile. Specific credit metric, which may lead to ratings upgrade would be an interest coverage above 5.5 times on a sustained basis.

Negative factors – The ratings could be downgraded if there is a significant decline in scale and profitability, resulting in sustained pressure on coverage indicators and the capital structure. Any stretch in the working capital cycle or any larger-than-expected debt-funded capex, which materially impacts the liquidity profile, will also be a negative rating trigger.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial statement of Sahyadri Farmers Producer Company Limited (SFPCL), its subsidiaries and step-down subsidiaries, which are enlisted in Annexure II. |

About the company

Incorporated in 2010, Sahyadri Farmers Producer Company Limited (SFPCL), based in Nashik, Maharashtra, is a 100% farmer-owned and operated farmer producer company (FPC). The company, along with its subsidiaries, is engaged in procurement, post-harvest management, processing, storage, logistics, marketing and sales of fresh fruits, vegetables and processed foods like aseptic/ frozen fruit pulps, purees, instant quick freezing (IQF) of fruits and vegetables, etc., in the domestic and overseas markets. It also provides technical support, financial assistance, farm input supply and other services to farmers. The company is associated with more than 30,000 farmers engaged in the production of various fruits and vegetables across more than 30,000 acres of farmland.

Key financial indicators (audited)

| Consolidated | FY2023 | FY2024 |
|--|--------|---------|
| Operating income | 997.2 | 1,530.0 |
| PAT | 47.2 | 47.6 |
| OPBDIT/OI | 8.2% | 10.8% |
| PAT/OI | 4.7% | 3.1% |
| Total outside liabilities/Tangible net worth (times) | 1.8 | 1.9 |
| Total debt/OPBDIT (times) | 5.4 | 3.0 |
| Interest coverage (times) | 2.4 | 4.2 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Current rating (FY2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---|-------------------------|-------------------------|------------------------------|---|--------|-------------|-------------------------------|-------------|-------------------------------|
| | FY2026 | | | FY2025 | | FY2024 | | FY2023 | |
| | Type | Amount Rated (Rs Crore) | June 30, 2025 | Date | Rating | Date | Rating | Date | Rating |
| Long term-cash credit-fund based | Long Term | 20.00 | [ICRA]A- (Stable) | - | - | 21-MAR-2024 | [ICRA]BBB+ (Stable) | 19-JAN-2023 | [ICRA]BBB+ (Stable) |
| Long term / short term-overdraft-fund based | Long Term/ Short Term | 20.00 | [ICRA]A- (Stable)/ [ICRA]A2+ | - | - | 21-MAR-2024 | [ICRA]BBB+ (Stable)/ [ICRA]A2 | 19-JAN-2023 | [ICRA]BBB+ (Stable)/ [ICRA]A2 |
| Long term-term loan-fund based | Long Term | 6.66 | [ICRA]A- (Stable) | - | - | 21-MAR-2024 | [ICRA]BBB+ (Stable) | 19-JAN-2023 | [ICRA]BBB+ (Stable) |
| Long term-working capital demand loan-interchangeable | Long Term | (20.00) | [ICRA]A- (Stable) | - | - | 21-MAR-2024 | [ICRA]BBB+ (Stable) | 19-JAN-2023 | [ICRA]BBB+ (Stable) |
| Short term-bank guarantee-interchangeable | Short Term | (4.00) | [ICRA]A2+ | - | - | - | - | - | - |
| Short term-bank guarantee-interchangeable | Short Term | (1.00) | [ICRA]A2+ | - | - | - | - | - | - |
| Short term-letter of credit-non fund based | Short Term | 5.00 | [ICRA]A2+ | - | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|----------------------|
| Cash Credit | Simple |
| Working Capital Demand Loan | Simple |
| Letter of Credit (Sub limit of Cash Credit) | Very Simple |
| Term Loans | Simple |
| Letter of Credit | Very Simple |
| Bank Guarantee (Sub limit of LC) | Very Simple |
| Overdraft | 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 rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------|---|------------------|-------------|----------|--------------------------|------------------------------|
| NA | Cash Credit | NA | NA | NA | 20.00 | [ICRA]A- (Stable) |
| NA | Working Capital Demand Loan | NA | NA | NA | (20.00) | [ICRA]A- (Stable) |
| NA | Letter of Credit (Sub limit of Cash Credit) | NA | NA | NA | (4.00) | [ICRA]A2+ |
| NA | Term Loans | FY2023 | NA | FY2027 | 6.66 | [ICRA]A- (Stable) |
| NA | Letter of Credit | NA | NA | NA | 5.00 | [ICRA]A2+ |
| NA | Bank Guarantee (Sub limit of LC) | NA | NA | NA | (1.00) | [ICRA]A2+ |
| NA | Overdraft | NA | NA | NA | 20.00 | [ICRA]A- (Stable)/ [ICRA]A2+ |

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 | Relationship | Ownership | Consolidation Approach |
|---|-----------------|-----------|------------------------|
| Sahyadri Farms Grassroots initiatives Ltd | Subsidiary | 100.00% | Full Consolidation |
| Sahyadri Farms Post Harvest Care Limited | Subsidiary | 80.59% | Full Consolidation |
| Sensartics Pvt Ltd | Subsidiary | 99.98% | Full Consolidation |
| Sahyadri Agro Retails Limited | Step Subsidiary | 100.00%* | Full Consolidation |
| Sahyadri Farms Supply Chain Limited | Step Subsidiary | 100.00%* | Full Consolidation |
| Farmsetu Technologies Private Limited | Step Subsidiary | 100.00%* | Full Consolidation |
| Nextgen Nurseries Pvt Ltd | Step Subsidiary | 100.00%* | Full Consolidation |
| Vesatogo Innovation Private Limited | Step Subsidiary | 100.00%* | Full Consolidation |

*Ownership of Sahyadri Farms Post Harvest Care Limited

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Nithya Debaddi

+91 40 6939 6416

nithya.debaddi@icraindia.com

Roshan Dugar

+91 20 6606 9924

roshan.dugar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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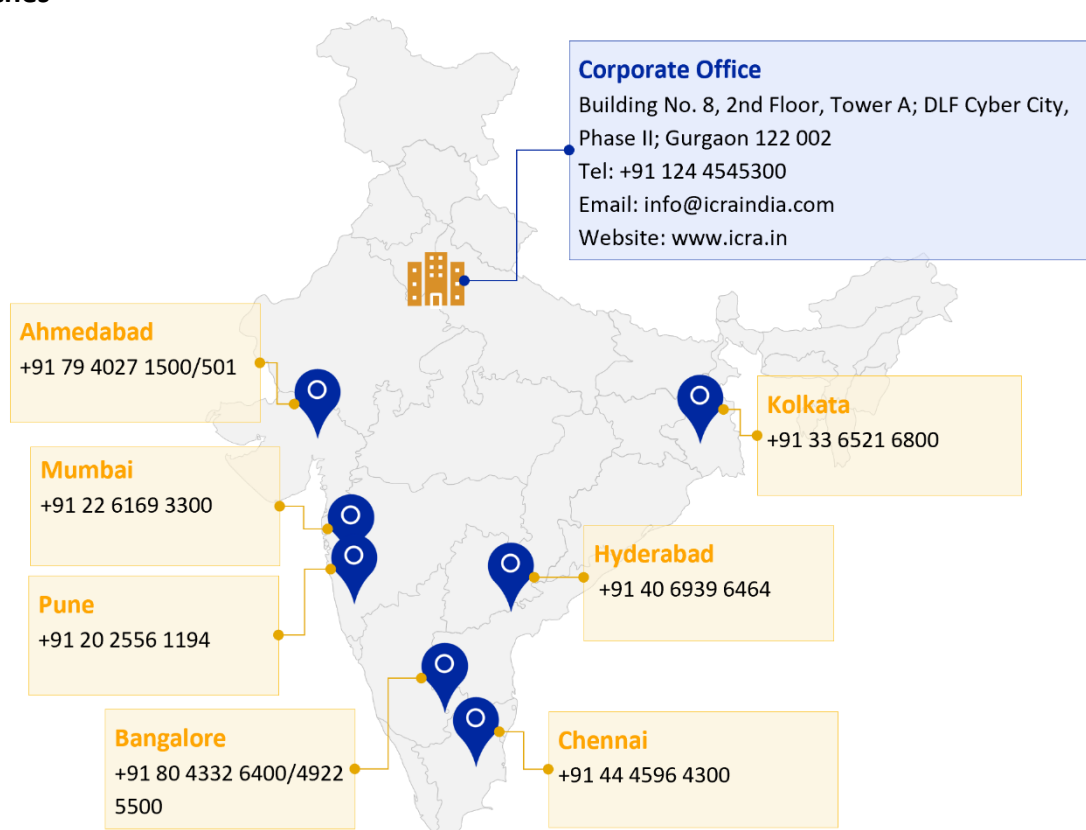
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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