

June 18, 2026

Ideal Icecream 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 – Term Loan	36.70	28.23	[ICRA]BBB (Stable); reaffirmed
Long-term – Fund-based – Cash Credit	20.00	20.00	[ICRA]BBB (Stable); reaffirmed
Short-term – Fund-based Overdraft	7.51	5.04	[ICRA]A3+; reaffirmed
Long-term – Unallocated Limits	0.79	11.73	[ICRA]BBB (Stable); reaffirmed
Total	65.00	65.00	

*Instrument details are provided in Annexure II

Rationale

The ratings reaffirmation on the bank loan limits of Ideal Icecream Private Limited (IICPL) considers the steady improvement in scale of operations in FY2026, as well as the expected gradual improvement in its performance over the medium term. IICPL's revenues increased to Rs. 156.4 crore in FY2026 (provisional), registering a YoY growth of 20.5% driven by its expansion into new markets, including North Goa, Pune, Solapur, and certain parts of Karnataka. However, the company's operating profit margins (OPM) moderated in FY2026 to 22.6% over 27.7% in FY2025 and 30.6% in FY2024, on account of penetration into new regions with higher margin to dealer and other related expenses as well as an increase in milk and milk powder prices. While the ongoing expansion of the distribution network, along with capacity augmentation, is expected to support the revenue growth over the medium term, IICPL's OPM are likely to remain range-bound due to an intensely competitive industry leading to pricing pressures.

The ratings also factor in the established brand and its expanding presence in the coastal Karnataka region, and the promoter's vast experience of more than two decades in the dairy products industry. The ratings further consider IICPL's strong marketing and dealer distribution network, which along with the regular launch of new products has supported the company's revenues. Moreover, the ratings continue to reflect the company's comfortable capital structure and healthy debt coverage indicators, which are supported by its stable earnings profile.

The ratings, however, remain constrained by IICPL's moderate scale of operations, which limits its ability to derive benefits from economies of scale. Additionally, the company's revenues remain exposed to volatility in raw material prices (as evident in FY2026) with limited pricing flexibility due to competitive market conditions, which weigh on its profitability. Furthermore, the ice cream industry is characterised by intense competition and fragmentation, with both organised and unorganised players in the field. This competitive landscape restricts IICPL's overall bargaining power and pricing flexibility. Moreover, the company faces relatively high geographical concentration risks, as the Mangalore region continues to generate a significant share of its revenues (approximately 40–45%). While IICPL has been expanding into newer markets to diversify its revenue base, the concentration risk remains a key monitorable factor from a credit perspective.

The Stable outlook on the rating reflects ICRA's expectation that the company will ramp up its operations, supported by capacity additions and the expansion of its distribution network. The same is expected to support steady revenue growth, along with an improvement in earnings and maintain comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Extensive experience and established brand presence – IICPL has over two decades of experience in ice cream manufacturing, resulting in established relationships with customers and suppliers. The Ideal Group, consisting of Ideal Traders (distributes IICPL's products in Mangalore), four exclusive ice cream parlours in Mangalore (Ideal's, Ideal Cream Parlour, Ideal Cafe, and Pabba's) and IICPL, enjoys an established brand presence in Mangalore and its surrounding regions. The Group has won various prestigious national awards for its innovative products.

Strong distribution network – IICPL derives 80-85% of its revenues through its network of more than 40 distributors and over 2,000 retail dealers across Karnataka, South Goa and Kerala.

Comfortable financial profile – IICPL's financial profile has remained comfortable with a gearing of 0.7 times as on March 31, 2026, driven by relatively low debt levels and an improving net worth base. The debt coverage indicators have remained comfortable in FY2026 as well with an interest coverage of 10.8 times (6.3 times in FY2025), total debt/OPBDITA of 2.0 times (1.8 times in FY2025), and DSCR of 2.9 times (2.2 times in FY2025). The capital structure and debt coverage indicators are expected to improve, going forward, with scheduled repayment of debt and improved earnings.

Credit challenges

Moderate scale of operations despite healthy growth in revenues – IICPL's scale of operations remained modest with revenues of Rs. 156.4 crore in FY2026, despite recording a healthy growth of 20.5%, which limits the benefits arising from economies of scale. Nevertheless, an expanding distribution network and growth in installed capacity are expected to result in moderate revenue growth over the medium term.

Susceptibility to raw material price volatility and stiff competition in a highly fragmented industry limits pricing flexibility – IICPL's profit margins remain susceptible to volatility in raw material prices (mainly milk and milk powder), given the limited flexibility amid the stiff competition, as witnessed in FY2026. The intensely competitive and fragmented nature of the industry with organised as well as unorganised players in the region limit IICPL's overall bargaining power and pricing flexibility. However, the company's established brand presence in Mangalore offers comfort to some extent

High geographical concentration risk, but expansion into new markets gradually reducing the risk – The Mangalore region is the company's major revenue earner (around 45%) followed by coastal Karnataka, South Goa and Kerala, resulting in high geographical concentration risk. However, expansion into new markets in Karnataka has reduced this concentration over the past few years. IICPL has been consistently adding new distributors for the Bangalore market, which is likely to support its revenue growth in the region. Also, IICPL is planning to expand into Maharashtra and the rest of Karnataka.

Liquidity position: Adequate

IICPL's liquidity position is expected to remain adequate, supported by the adequate buffer available in the working capital limits, adequate free cash and bank balances, and steady earnings. IICPL has free cash and bank balances of Rs. 11.2 crore as on March 31, 2026. The average utilisation of working capital limits stood at around 45% of its sanctioned limits of Rs. 20 crore during the last 12 months ending in May 2026. The company is expected to generate retained cash flows of Rs. 18-22 crore, against which it has scheduled repayment obligations of Rs. 7.7 crore in FY2027 and Rs. 5.1 crore in FY2028. It does not have any major debt-funded capex plans in the near to medium term. The repayment obligations and capex plans are expected to be comfortably met through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade IICPL’s rating if there is significant increase in revenues and earnings while diversifying its geographic presence and maintaining comfortable debt protection metrics and liquidity position on a sustained basis.

Negative factors - Negative pressure on the rating could arise in case of a decline in IICPL’s scale of operations due to weak demand or lower earnings or any elongation of working capital intensity or large debt-funded capex weakening its liquidity position and debt protection metrics. Specific credit metrics that could lead to a ratings downgrade include DSCR lower than 1.5 times on a sustained basis.

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 company’s standalone financial profile.

About the company

The Ideal Icecream Group, established in 1975, was promoted by Mr. S. Prabhakar Kamath with a single ice cream parlour (named Ideal Ice Cream Parlour) in Mangalore, Karnataka. A part of the Ideal Ice Cream Group, Ideal Ice Cream (IIC) was started as a sole proprietorship concern in 2003 by Mr. Mukund Kamath, the son of Mr. S. Prabhakar Kamath, for backward integration into large-scale ice cream manufacturing. It was subsequently converted into a private limited company, IICPL, in April 2024. The company’s manufacturing facility is in Mangalore, with an installed production capacity of 120 KLPD of ice creams, bars and candies.

Key financial indicators (audited)

IICPL (Standalone)	FY2025	FY2026*
Operating income	129.8	156.4
PAT	16.7	17.1
OPBDIT/OI (%)	27.7%	22.6%
PAT/OI (%)	12.9%	10.9%
Total outside liabilities/Tangible net worth (times)	1.0	0.9
Total debt/OPBDIT (times)	1.8	2.0
Interest coverage (times)	6.3	10.8

Source: Company, ICRA Research; *Provisional numbers; 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 ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Jun 18, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Date
Short term-overdraft-fund based	Short Term	5.04	[ICRA]A3+	-	-	Mar 28, 2025	[ICRA]A3+	-	-
Long term-unallocated-unallocated	Long Term	11.73	[ICRA]BBB (Stable)	-	-	Mar 28, 2025	[ICRA]BBB (Stable)	Mar 21, 2024	[ICRA]BBB (Stable)
Long term-cash credit-fund based	Long Term	20.00	[ICRA]BBB (Stable)	-	-	Mar 28, 2025	[ICRA]BBB (Stable)	Apr 06, 2023	[ICRA]BBB (Stable)
								Mar 21, 2024	[ICRA]BBB (Stable)
Long term-term loan-fund based	Long Term	28.23	[ICRA]BBB (Stable)	-	-	Mar 28, 2025	[ICRA]BBB (Stable)	Apr 06, 2023	[ICRA]BBB (Stable)
								Mar 21, 2024	[ICRA]BBB (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI

3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Short Term-Overdraft-Fund Based	Simple
Long Term – Unallocated limits	Not Applicable
Long Term-Cash Credit-Fund Based	Simple
Long Term-Term Loan-Fund Based	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	20.00	[ICRA]BBB(Stable)
NA	Term Loan	FY2022-FY2026	-	FY2027-FY2033	28.23	[ICRA]BBB(Stable)
NA	Long - term - Unallocated Limits	-	-	-	11.73	[ICRA]BBB(Stable)
NA	Short-term – Fund Based Overdraft				5.04	[ICRA]A3+

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not applicable

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Branches



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