June 16, 2025

Rinac India Limited: Ratings upgraded; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based - Cash credit	9.50	10.00	[ICRA]BBB+ (Stable); upgraded form [ICRA]BBB (Stable) and assigned for enhanced amount
Short term - Non-fund based facility	46.00	72.50	[ICRA]A2; upgraded from [ICRA]A3+ and assigned for enhanced amount
Long term – Fund-based - Term loan	-	37.50	[ICRA]BBB+ (Stable); assigned
Total	**55.50**	**120.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade factors in Rinac India Limited's (Rinac/the company) strong order book position of more than Rs. 1,100 crore as on date, which translates into a healthy revenue visibility. The order flows have remained strong, which is likely to keep the order book elevated in the near to medium term, generating healthy revenue growth. This revenue growth, along with the execution of profitable orders, is expected to result in a steady improvement in the profit generation as well. Further, ICRA notes that the risk arising out of the ongoing dispute between the promoters of Rinac and investor – Metmin Investments Holding Limited (MIHL) – has been somewhat alleviated with the former permitted to create a charge to be able to access additional bank funding. Consequently, the company has got its limits enhanced to support the business growth, which is a credit positive. ICRA, however, takes note that the dispute is still ongoing and its resolution remains critical for smooth business functioning.

The ratings factor in Rinac's established track record in the cold chain industry and the significant experience of its promoters. Moreover, a reputed and diversified clientele base and the low customer and geographical concentration provide comfort. Further, the ratings consider its comfortable credit profile, evident from the low debt and satisfactory coverage metrics. While the company is undertaking a sizeable debt-funded capex to expand its manufacturing capacities, the debt coverage indicators will continue to be healthy.

The company's operating profitability, however, remains range-bound at 4-5%, being exposed to the adverse fluctuations in raw material prices as most contracts are fixed price in nature. The ratings are also constrained by Rinac's exposure to intense competition from established domestic and international players. The company remains dependent on sizeable credit from suppliers as well as advances from customers. Though this has resulted in very low working capital intensity, it has kept the TOL/TNW high in the light of a moderate net worth position.

The Stable outlook on the [ICRA]BBB+ rating reflects ICRA's opinion that Rinac will be able to generate comfortable cash flows, supported by its healthy order book and the investment plans of its end-user industries such as pharmaceutical, dairy and food processing. Also, the company will continue to benefit from its established track record in the cold chain business.

Key rating drivers and their description

Credit strengths

Experience of promoters in cold chain industry –With over 25 years presence, the company has emerged as a cold chain solution provider and its product portfolio includes prefabricated sandwiched panels (PUF) and refrigeration and allied equipment, such as individually quick-frozen freezers (IQFs), preserva (walk-in refrigerator), chillkarts (truck with refrigeration body), blast freezers and other industrial refrigeration units. The promoters have an experience of over 40 years in the refrigeration and air conditioning industry.

Low customer and geographical concentration – The company has a diversified customer base catering to the FMCG, seafood, dairy, pharmaceutical and agro-commodities sectors. Many of these customers are established players in their own sectors, which lends comfort. Further, the manufacturing is spread in Karnataka and Maharashtra, enabling it to serve customers across various states. This, coupled with the focus on exports, leads to geographical diversification.

Healthy order book; margins seen to improve – The order book stood at around Rs. 900 crore as on March 31, 2025, and at more than Rs. 1,100 crore as on date. This indicates a healthy inflow of orders and lends strong revenue visibility. The company is expected to report a steady improvement in its margins as well on expectations of a healthy growth in revenues and booking of large and profitable orders, though the volume of such orders is likely to remain relatively low.

Credit challenges

Modest operating margin profile; susceptibility to raw material price volatility – The company has a modest operating margin in the range of 4-5% due to intense competition in the cold chain industry and high volatility in raw material prices as most contracts are fixed price in nature. The operating margin is expected to improve, going forward, supported by the increasing scale of operations as well as the price escalation clause in a few contracts received in the recent past, along with the booking of more profitable orders.

High TOL/TNW – The company remains dependent on long credit from suppliers and advances from customers to address its funding requirements, resulting in high TOL/TNW of more than 2 times as on March 31, 2025, in the light of a moderate net worth position. The continued availability of the advances remains crucial for RIL's funding position.

Intense competition in cold chain industry – RIL is one of the largest manufacturers of PUF sandwich panels for cold rooms in India. It is present in the organised cold chain market and faces stiff competition from other large players. It also faces intense competition from numerous small PUF panel manufacturers, which affects its pricing flexibility.

Liquidity position: Adequate

Rinac has an adequate liquidity position, reflected in unencumbered cash of Rs. 30-40 crore as on date along with cushion in fund-based working capital limits, which remains sparsely utilised. The utilisation of the non-fund-based limits remains high. The company has enhanced its non-fund-based limits to Rs. 72.5 crore as on date.

Rating sensitivities

Positive factors – ICRA could upgrade Rinac's ratings if the company is able to demonstrate a consistent improvement in its scale and profitability. Further, an improved receivables and inventory position leading to an improvement in the liquidity and debt coverage indicators will also be a credit positive.

Negative factors – Pressure on the ratings could arise if there is a decline in Rinac's order book, lowering the revenue and profitability. A substantial weakening of the liquidity position could result in a downward revision of the ratings. ICRA notes that the resolution of the ongoing dispute with Metmin Investments Holdings Limited remains critical for smooth business functioning. Prolonged litigations adversely impacting the operations could be a trigger for negative rating action.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Rinac India Limited (Rinac), incorporated in 1994, is an engineering company providing cold chain solutions. It largely caters to the logistics, fast moving consumer goods (FMCG), seafood and construction sectors. Rinac operates from its two facilities in Bengaluru and Thane. The company manufactures pre-fabricated sandwich panels (PUF) for the construction of cold rooms and assembles industrial refrigerators and allied equipment for cold rooms and cold storages. The company provides a combination of products based on customer orders i.e., PUF panels along with refrigeration units for cold room and cold storages; only PUF panels; turnkey projects for construction of cold rooms, cold storages and clean rooms. Rinac manufactures standardised products in the refrigeration and allied equipment segment, such as blast freezers, individually quick frozen (IQF) freezers, preserva (walk-in-refrigerators) and chillkarts (truck body with refrigeration system).

Key financial indicators (Audited)

	FY2024	FY2025*
Operating income	483.8	506.0
PAT	15.0	15.9
OPBDIT/OI	4.5%	5.2%
PAT/OI	3.1%	3.1%
Total outside liabilities/Tangible net worth (times)	2.4	2.2
Total debt/OPBDIT (times)	1.2	1.0
Interest coverage (times)	8.3	10.0

*Amounts in Rs. crore; 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 amortization; *provisional*

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					
	Type	Amount rated (Rs. crore)	June 16, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term - Cash credit – Fund-based	Long term	10.00	[ICRA]BBB+ (Stable)	May 31, 2024	[ICRA]BBB (Stable)	Apr 12, 2023	[ICRA]BBB (Stable)	-	-
Short term – Others – Non-fund based	Short term	72.50	[ICRA]A2	May 31, 2024	[ICRA]A3+	Apr 12, 2023	[ICRA]A3+	-	-
Long term - Term loan – Fund-based	Long term	37.50	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based -Cash credit	Simple
Short term - Non-fund based facility	Very Simple
Long term – Fund-based -Term loan	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	**Long term–Fund-based -Cash credit**	NA	NA	NA	10.00	[ICRA]BBB+ (Stable)
NA	**Short term - Non-fund based facility**	NA	NA	NA	72.50	[ICRA]A2
NA	**Long term – Fund-based -Term loan**	June 2024	8.70%	June 2031	37.50	[ICRA]BBB+ (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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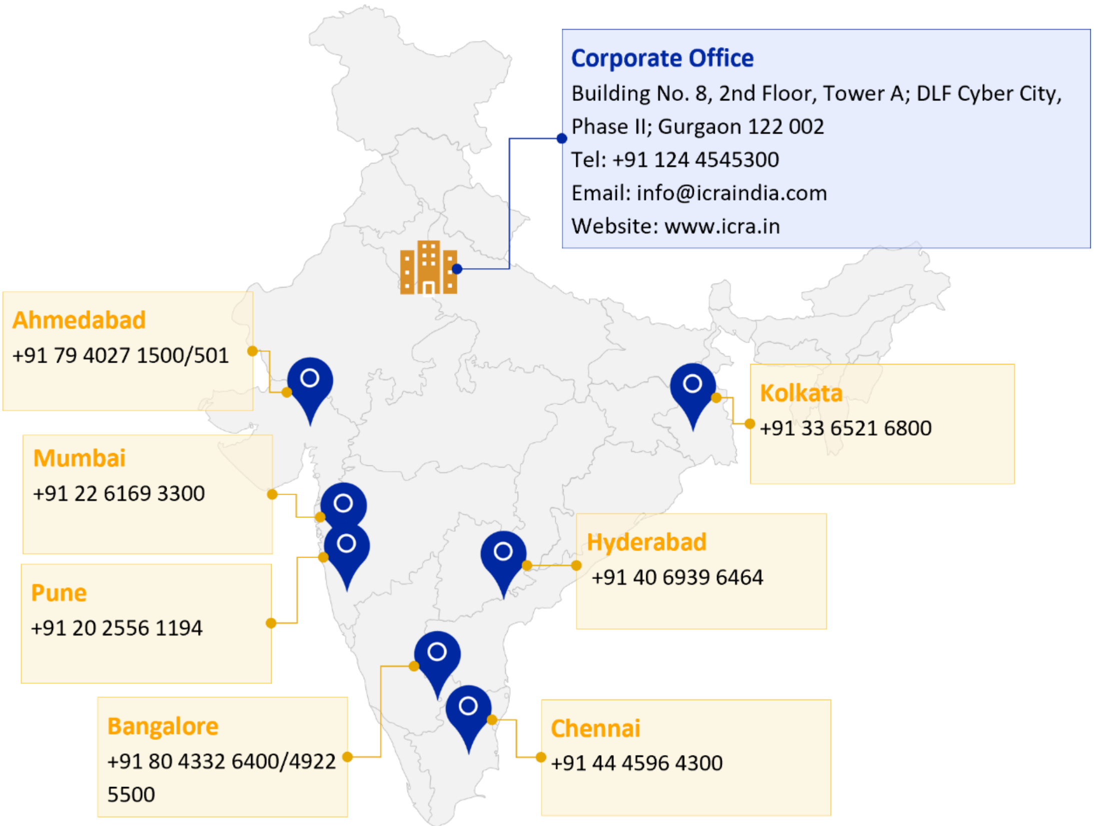

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