

January 22, 2026

Food Corporation of India: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	4,700.0^	4,700.0^	[ICRA]AAA (CE) (Stable); Reaffirmed
Non-convertible debentures	8,000.0^^	8,000.0^^	[ICRA]AAA (CE) (Stable); Reaffirmed
Total	12,700.0	12,700.0	

Rating without explicit credit enhancement

[ICRA]AA+

*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

^ Series V Bonds

^^ Series IX Bonds

Rationale

The rating is based on the strength of the unconditional and irrevocable guarantees issued by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GoI). The guarantees have a structured payment mechanism designed to ensure timely payment of both the principal and interest amount of the rated instrument, in case the guarantee has to be invoked by the Trustee. The rating also continues to draw strength from Food Corporation of India's (FCI) strategic importance as the country's nodal agency for food procurement activity and maintenance of buffer stocks. ICRA notes the demonstrated track record of strong support from the GoI, which reimburses all expenses incurred by FCI for the procurement of food grains through food subsidy.

The Stable outlook on this rating reflects ICRA's expectation of continued support from the GoI, given the strategic importance of the entity as the country's nodal agency for food procurement activity and maintenance of Government stock.

Adequacy of credit enhancement (CE)

The rating of the instruments is based on the CE features available as a part of the structure. The guarantees are legally enforceable, irrevocable, unconditional, cover the entire amount and tenure of the rated instruments and have a well-defined invocation and payment mechanism as seen below. Given these attributes, the guarantees provided by the GoI are adequately strong for an enhancement in the rating of the said instruments to [ICRA]AAA(CE) against the rating of [ICRA]AA+ without explicit CE.

Structured Payment Mechanism for FCI Bond Series-VB

Interest payments (T1 represents due date for interest payments)

Trigger date*	Action point
T1-60	Trustees to inform FCI and the GOI in writing regarding the due date of the Bonds and the corresponding interest amount so that necessary arrangements could be made for meeting the interest payment obligations on the Bonds.
T1-30	The Cash Credit limit is to be allocated/ earmarked by FCI to the tune of the interest obligations on the Bonds.

T1-20	If the Cash Credit limit is not allocated/ earmarked by FCI by (T1-30)th day, and it continues upto (T1-21)st day, the Trustees shall forthwith invoke the GOI Guarantee by sending a notice of invocation to GOI.
T1-8	The TRA is to be funded by FCI to the tune of the interest obligations on the Bonds.
T1-7	If TRA is not funded to the requisite extent by (T1-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
T1-3	Last date by which GOI to deposit requisite funds in the TRA as per the Notice of Invocation.

Principal payments (T2 represents due date for principal payments)

Trigger Date *	Action Point
T2-60	The Trustee to inform FCI and the GOI in writing regarding the due date of the Bonds and the corresponding principal amount so that necessary arrangements could be made for meeting the principal repayment obligations on the Bonds.
T2-30	The Cash Credit limit is to be allocated/ earmarked by FCI to the tune of the principal obligations on the Bonds.
T2-20	If the Cash Credit limit is not allocated/ earmarked by FCI by (T1- 30) th day, and it continues upto (T1-21)st day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of invocation to GOI.
T2-11	The TRA is to be funded by FCI to the tune of the principal repayment obligations on the Bonds.
T2-10	If TRA is not funded by (T2-11)th day to the requisite extent, the Trustee shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
T2-3	Latest date by which the GOI to deposit requisite funds in the TRA as per Notice of Invocation

Structured Payment Mechanism for FCI Bond Series-IX

Interest payments (T1 represents due date for interest payments)

Trigger date*	Action point
T1-30	Trustees to inform FCI and the GOI in writing regarding the due date for payment of interest amount so that necessary arrangements could be made for meeting the interest payment obligations on the Bonds.
T1-8	The Designated Trust and Retention Account is to be funded by FCI to the tune of the interest obligations on the Bonds.
T1-7	If the Designated Trust and Retention Account is not funded to the requisite extent by (T1-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
T1-3	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.

Principal payments (T2 represents due date for principal payments)

Trigger Date *	Action Point
T2-30	Trustees to inform FCI and the GOI in writing regarding the due date for repayment of principal amount so that necessary arrangements could be made for meeting the principal repayment obligations on the Bonds.
T2-8	The Designated Trust and Retention Account is to be funded by FCI to the tune of the principal obligations on the Bonds.
T2-7	If the Designated Trust and Retention Account is not funded to the requisite extent by (T2-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
T2-3	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.

*If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

Salient covenants of the rated facility (Series V bonds)

- » The GOI has unconditionally and irrevocably guaranteed the repayment of the principal amount of bonds to be issued by FCI for an aggregate nominal amount of Rs. 5,000 crore (amount at the time of issuance) and interest thereon. The said guarantee has been executed vide Guarantee Agreement dated March 12, 2013.

- » The guarantee agreement provides for a structured payment mechanism involving the opening of a designated Trust & Retention Account (TRA).
- » Upon occurrence of a default as defined in the guarantee agreement, the Trustee shall forthwith invoke the guarantee as per the terms of the said agreement.
- » The Trustee/ Bondholders would not be in a position to accelerate all payments due under the Bonds even if the Issuer defaults on its other debt obligations.
- » Neither the bondholder(s) shall have any right to exercise put option nor the Issuer shall have the right to exercise call option to redeem the bonds, in whole or in part, prior to the redemption date.

Salient covenants of the rated facility (Series IX bonds)

- » The Government of India has unconditionally and irrevocably guaranteed the repayment of the principal amount of bonds to be issued by FCI for an aggregate nominal amount of Rs. 8,000 crores (amount at the time of issuance) and interest thereon. The said guarantee has been executed vide Guarantee Agreement dated October 05, 2020
- » The bonds shall rank pari passu, inter se, without any preference of priority of one over the other or other of them.
- » The bonds shall carry coupon at the respective coupon rate for the outstanding amount of principal until the final redemption. Interest will be paid annually on the anniversary date of allotment throughout the tenure of the bonds until final redemption.
- » The bond's face value will be redeemed at par at the end of 10 years from the deemed date of allotment.
- » No put/call option has been made in the placement of the bonds.
- » The guarantee agreement provides for a structured payment mechanism involving the opening of a designated TRA.
- » The bonds are secured by unconditional and irrevocable guarantee from the GoI towards repayment of principal amount of the bonds and the interest thereon. As the full-face value amount of the bonds along with the interest thereon is secured by unconditional and irrevocable GoI guarantee towards repayment of principal amount of the bonds and interest thereon. So, no separate security (movable, immovable and tangible) has been provided.
- » Upon occurrence of default as defined in the guarantee agreement, the trustee shall forthwith invoke the GOI guarantee as per the terms of the said agreement.
- » The trustee/bondholders will not be in a position to accelerate all payments due under the bonds if the issuer defaults on its other debt obligations.

Key rating drivers and their description

Credit strengths

Unconditional and irrevocable guarantee issued by the GoI – The non-convertible debentures (NCDs) rated by ICRA are backed by an unconditional and irrevocable guarantee issued by the Ministry of Consumer Affairs, Food and Public Distribution, GoI, which lends significant strength to the rating.

Structured mechanism to ensure timely payment of principal and interest amount of the rated instrument – The rating considers the structured payment mechanism designed to ensure timely payment of both the principal and the interest amount of the rated instrument, even if the guarantee has to be invoked by the Trustee. However, in case the Trustee accelerates repayment of the NCDs due to the occurrence of default events, the amount will become due and payable immediately. Though the guarantee would be enforceable immediately, the period within which the guarantor will pay is not defined.

Strategic importance of FCI as India's nodal agency for food procurement – The rating factors in FCI's strategic importance for the GoI as the country's nodal agency for food procurement and maintenance of operational stock and strategic reserves.

Accordingly, the entity is considered an extended arm of the Government for providing effective price support to farmers, managing the Public Distribution System (PDS) for the distribution of subsidised staples to the beneficiaries, and maintaining operational stock and strategic reserves. FCI's deficit is borne by the GoI through subsidies. The GoI also finances the capital expenditure needs of the corporation.

Credit challenges

Dependence on subsidy payments from GoI – FCI gets a significant portion of its cash flow through subsidy receipt from the GoI and therefore remains dependent on the release of this subsidy to manage its cash flow and funding requirements. Nonetheless, the demonstrated track record of strong support from the GoI, which reimburses all the expenses incurred by FCI for the procurement of food grains through food subsidy, provides comfort.

Liquidity position

For the CE rating – Superior

The liquidity position of the guarantor, the GoI, is superior. The rating for the rated bond programmes is based on the unconditional and irrevocable guarantee from the GoI that would cover the interest and principal repayment obligations to bondholders. ICRA expects the servicing of debt through budgetary provisions and trustee-controlled payment mechanisms so that adequate funds are made available by the GoI to service debt in a timely manner.

For rating without explicit CE – Adequate

The liquidity profile of FCI without factoring in the explicit CE is adequate as it has access to subsidy receipts from the GoI as well as credit lines (like working capital loans/ unsecured short-term loans/ cash credit limits) to manage its interim funding and cash flow requirements. It is noted that FCI derives a significant portion of its cash flow through subsidy receipt from the GoI and therefore remains dependent on the release of this subsidy to manage its cash flow and funding requirements.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Non-adherence to the guarantee structure could lead to a downward rating revision of the corporation.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The assigned rating is based on unconditional and irrevocable guarantee extended by the GoI
Consolidation/Standalone	Not applicable

About the company

FCI is a 100% GoI-owned corporation set up by the Central Government under the Food Corporation Act, 1964. It was established to ensure an effective price support system for farmers so that they can be paid a minimum support price (MSP) for their produce. FCI is also responsible for ensuring adequate food grain availability through PDS and maintaining a satisfactory level of operational stock and strategic reserves.

The management of FCI is vested in the board of directors appointed by the Central Government. It operates through a country-wide network with its corporate office in New Delhi, zonal offices in major metros, regional offices practically in all the state capitals, district offices and depots.

The food grain procurement activity in India is organised by the Department of Food and Public Distribution, Government of India (GoI). FCI procures food grains from farmers directly or through state agencies. FCI immediately make the payments to the farmers by drawing from the food credit accounts. In case FCI purchases from the state agencies, the procurement cost, along with all incidentals, is reimbursed to the state agencies.

Key financial indicators (audited)

FCI	FY2024	FY2025	H1 FY2026*
Operating income	161,121	170,524	83,663
PAT	33.1	82.0	0.0
OPBDIT/OI	0.9%	1.3%	4.2%
PAT/OI	0.0%	0.0%	0.0%
Total outside liabilities/Tangible net worth (times)	8.8	6.5	7.5
Total debt/OPBDIT (times)	34.0	42.0	17.3
Interest coverage (times)	0.5	0.5	1.0

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation *Limited review; Amount in Rs. crore; Source: FCI

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)	22-Jan-2026	Date	FY2025		FY2024		FY2023
					Rating	Date	Rating	Date	Rating
Bonds/NCD/LTD	Long term	4,700.00	[ICRA]AAA(CE) (Stable)	Feb 03, 2025	[ICRA]AAA(CE) (Stable)	Feb 05, 2024	[ICRA]AAA(CE) (Stable)	Apr 07, 2022	[ICRA]AAA(CE) (Stable)
				-	-	-	-	Feb 23, 2023	[ICRA]AAA(CE) (Stable)
Bonds/NCD/LTD	Long term	8,000.00	[ICRA]AAA(CE) (Stable)	Feb 03, 2025	[ICRA]AAA(CE) (Stable)	Feb 05, 2024	[ICRA]AAA(CE) (Stable)	Apr 07, 2022	[ICRA]AAA(CE) (Stable)
				-	-	-	-	Feb 23, 2023	[ICRA]AAA(CE) (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	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
INE861G08027	NCD Series-VB	March 22, 2013	8.80%	March 22, 2028	4,700.0	[ICRA]AAA(CE) (Stable)
INE861G08076	NCD Series-IX	October 23, 2020	6.65%	October 23, 2030	8,000.0	[ICRA]AAA(CE) (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis - Not applicable

ANALYST CONTACTS

Jitin Makkar
+91 124 4545368
jitinm@icraindia.com

Srikumar Krishnamurthy
+ 91 44 45964318
ksrikumar@icraindia.com

Rohan Kanwar Gupta
+91 124 4545808
rohan.kanwar@icraindia.com

Gaurav Singla
+91 124 4545366
gaurav.singla@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhan
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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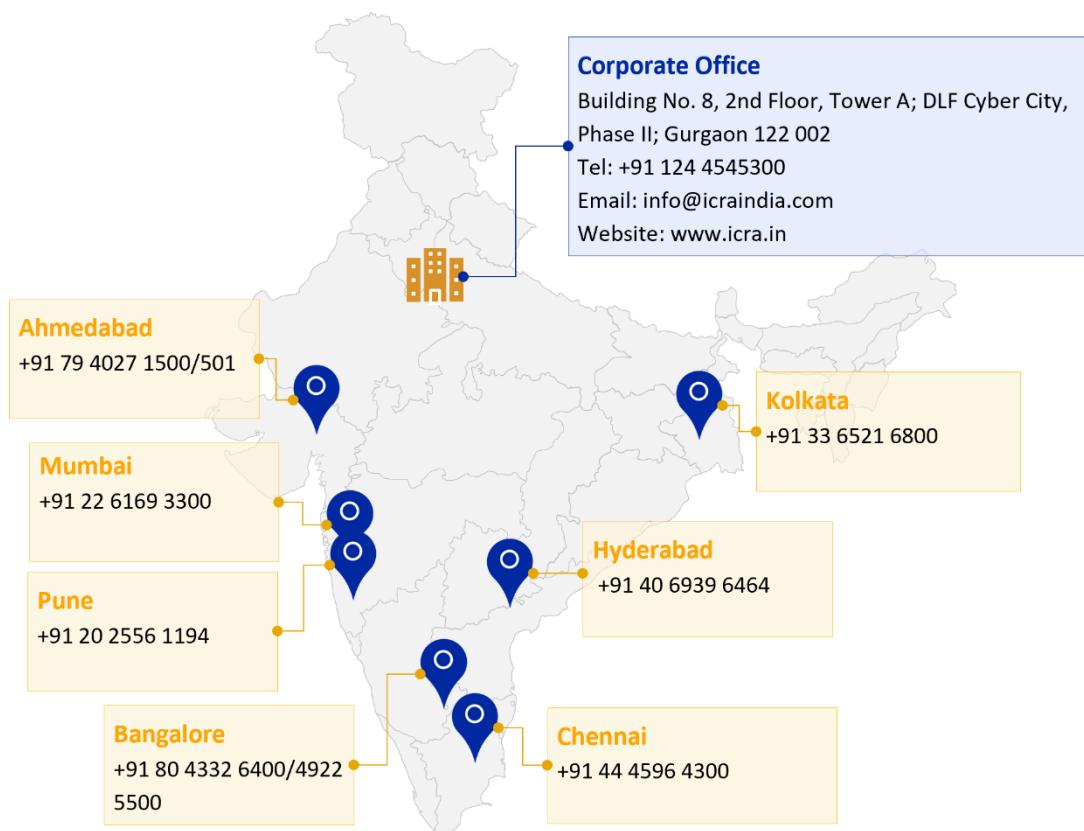
Registered Office

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

Tel: +91 11 23357940-45



Branches



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