

March 13, 2026

India Food Exports: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	13.50	13.50	[ICRA]BB (Stable); reaffirmed
Long-term/ Short-term – Working capital facilities	180.50	180.50	[ICRA]BB (Stable)/[ICRA]A4+; reaffirmed
Total	194.00	194.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation continues to factor in the extensive experience of the partners of India Food Exports (IFE) in the cashew processing industry for over three decades, which underpins the entity's growth prospects. The ratings also derive comfort from the long relationship of the firm with its reputed customers, ensuring repeat orders. The firm caters to customers in the domestic and export markets, comprising traders and food processors, with which it has a long association. However, amid intense competition in the export market, IFE has increasingly shifted its focus towards domestic sales, supported by the sizeable growth potential of the Indian market, which is the largest consumer of cashew globally. Its manufacturing facilities are located in Tamil Nadu and Andhra Pradesh, which supports the firm's margins to an extent as the employee cost is relatively lower than other states in the region.

The ratings continue to remain constrained by the small scale of its operations and vulnerability of IFE's margins to fluctuations in raw cashew nuts (RCN) and cashew kernel prices. Although the operating margin improved sharply in FY2025 owing to an increase in the realisations of cashew kernels, the same is expected to witness a notable correction in the current fiscal due to sub-optimal capacity utilisation. There was substantial delay in receipt of raw materials (RCN) from African nations due to certain change in policies and restrictions imposed by the African Government (which reserves a portion of RCN produce for domestic processors) for export of RCN, port congestion and logistical bottlenecks. Increase in the prices of RCN would also have a bearing on the entity's OPM in the current fiscal. Hence, IFE's financial risk profile would continue to remain volatile and remain dependent on the fluctuation in the cashew kernel prices and availability of raw cashew (as it is an agro commodity). IFE's working capital intensity had improved sharply in FY2025 due to reduction in the inventory holding. However, the same is expected to increase and remain high in the current fiscal with a sustained rise in inventory levels of RCN. The ratings also factor in the intense competition from Vietnam in the export market and numerous processors in the domestic market, which affects the firm's pricing flexibility. The ratings continue to remain constrained by the vulnerability of the firm's profitability to fluctuations in foreign exchange rates. However, the same is mitigated to an extent by the natural hedge provided through imports and hedging via booking of forward contracts. Further, any adverse regulatory or quality-related risks could impact IFE's business. The ratings also consider the inherent risks associated with partnership firms, including the risk of capital withdrawals, as witnessed in the past.

The Stable outlook on the long-term rating reflects ICRA's expectation that the firm would continue to register a steady growth in sales volumes while maintaining profitable operations, supported by an increase in domestic demand, established customer base and extensive experience of the partners in the cashew industry.

Key rating drivers and their description

Credit strengths

Experience of promoters in cashew processing industry – The managing partner, Mr. Satheesh Nair, has an experience of over three decades in the cashew processing industry. His extensive experience supports the firm's growth prospects. IFE has also strategically established its manufacturing facilities in Tamil Nadu and Andhra Pradesh instead of Kerala, considering higher employee expenses in the state, which support its margins to an extent.

Established track record with suppliers/customers and a diversified as well as a reputed customer base – The firm's presence in the industry since 1981 has enabled it in establishing strong ties with its key customers (most of which are reputed), which results in repeat orders.

Credit challenges

Moderate financial risk profile – The firm's financial profile is marked by its small scale of operations, which showed a marginal growth of around 2% in FY2025. The entity's profitability increased sharply in FY2025 on a YoY basis owing to better realisation of cashew kernels, leading to improved debt protection metrics, as reflected by an interest coverage of 3.7 times (0.5 times in FY2024) and TD/OPBDITA of 1.3 times (17.5 times in FY2024) in FY2025. However, IFE's revenues dropped by around 49% to Rs. 104.6 crore in 9M FY2026 due to delay in receiving RCN from West African countries, especially from Ivory Coast on the back of some policy changes and restrictions imposed by the Ivory Coast Government for export of RCN, port congestion and logistical bottlenecks. The firm was shut down in Q1 FY2026 and operations resumed again from July 2025. Nevertheless, the firm's profitability and debt protection metrics would continue to remain volatile and depend on the fluctuation in cashew kernel prices and availability of raw cashew, as it is an agro commodity.

Margins exposed to volatility in cashew prices and foreign exchange fluctuations – The prices of cashew kernels and RCNs vary on a daily basis, depending on the international demand-supply scenario, exposing the company's margins to price fluctuations as well as forex risks. IFE's operating margins improved to 11.6% in FY2025 from 2.6% in FY2024 owing to a sharp improvement in realisation.

Exposed to intense competition and agro-climatic risks – The domestic cashew industry is highly fragmented with the presence of many unorganised players owing to low entry barriers. Indian exporters face intense competition from the Vietnamese processors that enjoy cost advantage on account of cheaper labour and mechanised processing. Intense price competition, along with low product differentiation, limits the firm's pricing flexibility. The cashew industry is susceptible to agro-climatic risks, which can affect the availability and quality of RCN and cashew kernels in adverse weather conditions.

Risks related to partnership nature of the firm – IFE is exposed to the risks related to a partnership firm, including the capital withdrawal risk. However, no capital withdrawal has been witnessed in FY2025 and 9M FY2026.

Exposure to changes in trade policies, regulatory changes and quality-related risks – The firm is exposed to risks associated with adverse changes in trade policies and regulations related to import of RCN and export of cashew kernels. Additionally, any quality-related issue could impact its business as well as the pricing strength.

Liquidity position: Adequate

IFE's liquidity position remains Adequate, supported by positive fund flow from operations of more than Rs. 18.0 crore in FY2025. The same is expected to remain positive in the current fiscal and going forward but may moderate to an extent. The cash flow from operations would turn negative in FY2026 with the increase in the working capital requirement as the inventory holding is expected to increase materially compared to the previous fiscal. ICRA expects the cash flow from operations to improve substantially in the subsequent years, though may still remain in the negative territory. Nevertheless, the entity has sufficient cushion in the working capital limits, which would provide buffer to a certain extent for meeting any contingency. The average utilisation of the working capital limits stood at a moderate level of around 50% in FY2025 and increased to around

73% in 9M FY2026. The capex undertaken by the entity has been commissioned and should benefit from it, going forward. ICRA believes that the partners of the firm would continue to provide need-based support in the form of unsecured loans.

Rating sensitivities

Positive factors – The ratings may be upgraded if the firm’s earnings, liquidity and debt coverage indicators improve on a sustained basis.

Negative factors – Pressure on the ratings could arise if there is any significant decline in the scale of operations or profitability, resulting in weaker coverage indicators. Also, any large capital withdrawal or a material increase in the working capital intensity, leading to a tightened liquidity position, could trigger ratings downgrade. Specific credit metrics that may trigger ratings downgrade include DSCR of less than 1.1 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 firm’s standalone financial profile.

About the company

IFE was established by Mr. Satheesh Nair in 1981 as a partnership firm in Kollam, Kerala. The firm primarily processes cashew kernels from RCNs. The firm imports RCNs from African countries (including Ivory Coast, Gambia and Senegal) and processes the same in its manufacturing facilities in Tamil Nadu and Andhra Pradesh. The firm exports to various countries like Japan, Spain and West Asian countries, however, the exports are significantly reduced by the firm over the last two fiscals owing to high price volatility. The rest are sold in domestic markets as plain cashew kernels or value-added cashew kernels (dry roasted, oil roasted, salted or flavoured cashews) under the brand name, Delinut and Delis. Besides, the firm’s product portfolio in domestic markets consists of other nuts including pistachios and almonds. It also trades in RCNs and sells other byproducts of cashews including cashew nut-shell liquid, cashew husk and cashew shell cake, among others.

The firm has 29 manufacturing facilities spread across Kanyakumari district in Tamil Nadu and East Godavari district (Tuni, Dharmavaram and Kothapalli) in Andhra Pradesh. While some facilities are operated on owned factory space, others are run under leased processing space. The RCN manufacturing facilities in Tamil Nadu and Andhra Pradesh have a total processing capacity of 18,500 MT.

Key financial indicators (audited)

India Food Exports	FY2024	FY2025	H1 FY2026*
Operating income	257.8	262.6	59.9
PAT	(9.2)	16.1	1.1
OPBDIT/OI	2.6%	11.6%	12.7%
PAT/OI	(3.6%)	6.1%	1.8%
Total outside liabilities/Tangible net worth (times)	2.7	0.8	-
Total debt/OPBDIT (times)	17.5	1.3	-
Interest coverage (times)	0.5	3.7	1.6

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; * Provisional
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	Type	Amount rated (Rs. crore)	Current ratings (FY2026)		Chronology of rating history for the past 3 years					
			Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023		
			Mar 13, 2026	June 04, 2025	Feb 10, 2025	Mar 01, 2024	Feb 05, 2024	Jan 23, 2023	May 30, 2022	Apr 06, 2022
1 Working capital facilities	Long-term/short-term	180.50	[ICRA]BB (Stable)/ [ICRA]A4+	[ICRA]BB (Stable)/ [ICRA]A4+	[ICRA]BB (Stable)/ [ICRA]A4+	-	-	-	-	-
2 Fund-based-Term loans	Long-term	13.50	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)
3 Fund-based – Cash credit	Short-term	-	-	-	-	-	-	[ICRA]A4+	[ICRA]A4+	[ICRA]A3
4 Fund-based – Others	Short-term	-	-	-	-	[ICRA]A4+	[ICRA]A4+	-	-	-
5 Unallocated	Long-term/short-term	-	-	-	-	[ICRA]BB (Stable)/ [ICRA]A4+	[ICRA]BB (Stable)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Working capital facilities	Simple
Long-term – Fund-based – Term loans	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	Working capital facilities	NA	9.0%	NA	180.50	[ICRA]BB(Stable)/[ICRA]A4+
NA	Term loans	2023	9.2%	2030	13.50	[ICRA]BB(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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