



**Press Release**  
**MOREISH FOODS LIMITED**  
**May 15, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	38.00	ACUITE BB+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	38.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of 'ACUITE BB+' (read as ACUITE double B plus) on the Rs.38.00 Cr. bank facilities of Moreish Foods Limited (MFL). The outlook is 'Stable'.

**Rating Rationale**

The rating reaffirmation is supported by the company's established presence in Eastern India supported by diversified product portfolio. The increase in revenue primarily driven by increase in the quantity of products sold, supported by a strategic price hike across all products and states (except Odisha and Bihar) during FY25. EBITDA and PAT margins remained on similar levels indicates effective cost management and the ability to pass on the cost to customers. The company has stretched liquidity position and efficient working capital cycle. However, the rating is constrained by the company's moderate financial risk profile, characterized by gearing due to debt funded equipment purchases and modest debt protection metrics. Therefore, the overall debt levels and low accruals against debt repayment remains key monitorable factors. The company operates in a highly competitive and fragmented industry, and is exposed to fluctuation in input prices, which can impact production costs.

**About the Company**

Established in 1989, Moreish Foods Limited (MFL), led by Mr. Narendra Kumar from Ranchi, Jharkhand, specializes in the production and sale of bakery items like bread, cakes, and cookies and others under the brand Moreish via manufacturing facilities in Ranchi, Patna, Asansol, Howrah, and Bhubaneswar. The company serves the consumer market through conventional distribution, direct retail, quick commerce and modern trade and institutional sales like hospitals, corporate clubs, and Indian Railways. The company has its presence in Eastern India.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of MFL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Steady scale of operations**

MFL has achieved revenues of Rs. 135.03 Cr. in FY2024 as against Rs. 127.69 Cr. in FY2023. Further, the company has estimated Rs.148.57 Cr. in FY25. The increase in revenue primarily driven by increase in the quantity of products sold, supported by a strategic price hike on average across all products and states (except Odisha and Bihar) by September 2024.

The EBITDA margins stood at 7.44 percent in FY24 as against 6.57 percent in FY23. The increase in margin was driven by effective cost management and the ability to pass increased costs onto customers without disturbing the demand, thereby supporting profitability. Secondly, reduction in power expenses was noticed as the machines previously operated on diesel are now being operated on LPG gas, resulting in energy cost savings. Additionally, a detailed cost analysis of MFL's product categories indicates that production costs constitute ~50-55% of the

MRP, with fluctuations influenced by flour price movements. The PAT margin stood at 0.92 percent in FY24 as against 0.91 percent in FY23. Acuite believes the scale of operations is expected to improve over the medium term.

### **Efficient working capital cycle**

The working capital cycle was efficient marked by GCA days of 86 days in FY24 as against 77 days in FY23. The inventory days stood at 35 days in FY24 as against 33 days in FY23 given a lead time of 30-40 days for FMCG packaging and has created 120-130 Strategic Business Units (SKUs) across different states. The shelf life varies across product categories, with bread lasting around 6-7 days, cookies and rusk approximately 90 days, and cakes about 45 days. The debtor days stood at 38 days in FY24 as against 34 days in FY23. Credit terms vary depending on customer relationships, but for quick commerce and modern trade, they are ~7 days. As against, the creditor days stood at 40 days in FY24 as against 52 days in FY23. The credit terms on an average is ~45 days but prefer cash purchases for better pricing. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

### **Moderate Financial Risk Profile**

The financial risk profile of the company is marked by moderate net worth, high gearing and modest debt protection metrics. The tangible net worth of the company stood at Rs.27.29 Cr. as on March 31, 2024, as compared to Rs.24.55 Cr. as on March 31, 2023, due to accretion to reserves. The company has infused equity share capital of Rs. 0.47 Cr. and premium on equity shares of Rs.1.74 Cr in FY24. Acuite has considered unsecured loans as quasi-equity of Rs.6.75 Cr. as on March 31, 2024. The unsecured loans stood at Rs.0.35 Cr. in FY24 as against Rs.0.76 Cr. in FY23. The gearing stood at 1.31 times as on March 31, 2024, as against 1.07 times as on March 31, 2023. The company also has a plan to automate its existing production units across all product lines. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.68 times as on March 31, 2024. The debt protection metrics of the company stood modest marked by Interest coverage ratio (ICR) of 2.22 times and debt service coverage ratio (DSCR) of 1.02 times for FY2024. The net cash accruals to total debt (NCA/TD) stood similar at 0.16 times in FY2024. Acuite believes that the company's financial risk profile will remain at a moderate level in medium term backed by steady cash accruals and absence of any major debt funded capex plans.

### **Weaknesses**

#### **Presence in a Competitive industry**

The company operates in a highly competitive and fragmented FMCG industry, primarily deriving revenue from bread and bakery products in Eastern India, a segment characterized by numerous players and a strong brand-conscious consumer base. The industry is highly competitive with the presence of branded players. Some of these players have a large scale of operations, a pan-India presence and are well-established brands. Apart from these, the company is exposed to competition from a large, local unorganised segment. While this environment presents challenges due to intense competition and economic volatility, the company's diversified product portfolio and established client relationships help mitigate these risks.

#### **Susceptibility in fluctuation in input prices**

The raw materials required for manufacturing bread and bakery products are wheat flour, sugar, edible refined hydrogenated vegetable oil, skim milk powder (SMP), flavours, preservatives etc. The company also consumes a significant amount of packaging materials and needs fuels like LPG. The prices of flour, sugar and oil are highly dependent on both agro-climatic conditions and Government policies and thus are subject to considerable volatility. Historically, Flour prices rose from around Rs.30 per kg in Sept-Oct 2023 to Rs.35 per kg between July and August 2024, before stabilizing again at Rs.30 per kg, as per management. The company effectively manages these fluctuations by engaging with multiple vendors and procuring appropriate quantities at lower prices, thus maintaining cost control despite market volatility. Prices of packaging materials and fuels remain linked to crude oil prices, which also exhibit significant volatility, thus impacting margins.

#### **Rating Sensitivities**

Movement in revenue and profitability margins

Working capital cycle

Movement in debt protection metrics

#### **Liquidity Position**

##### **Stretched**

The company has stretched liquidity marked by net cash accruals of Rs. 5.73 Cr. as on March 31, 2024, as against Rs. 5.54 Cr. long term debt obligations over the same period. The cash and bank balance stood at Rs. 0.74 Cr. for FY 2024. Further, working capital operations of the company is efficient marked by gross current asset (GCA) days of 86 days in FY24 as against 77 days in FY23. However, the current ratio of the company stood low at 1.07 times in FY2024. Moreover, the Fund based limit of the company has been ~98.00 percent utilized for the last six months ended April 2025. Acuite believes that the liquidity of the company is likely to remain stretched over the medium term supported by sufficient accruals against debt repayment and infusion of unsecured loans.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	135.03	127.69
PAT	Rs. Cr.	1.25	1.16
PAT Margin	(%)	0.92	0.91
Total Debt/Tangible Net Worth	Times	1.31	1.07
PBDIT/Interest	Times	2.22	2.18

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Feb 2024	Proposed Long Term Bank Facility	Long Term	1.57	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.53	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.64	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.01	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.81	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.03	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.29	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	12.00	ACUITE BB+   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.12	ACUITE BB+   Stable (Reaffirmed)
	Dropline Overdraft	Long Term	3.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
17 May 2023	Secured Overdraft	Long Term	7.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Term Loan	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Proposed Term Loan	Long Term	23.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Term Loan	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
28 Feb 2022	Secured Overdraft	Long Term	7.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	23.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2027	0.25	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	05 Oct 2025	1.75	Simple	ACUITE BB+   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.37	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2026	0.86	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2029	2.04	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2029	1.22	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	0.80	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2029	1.71	Simple	ACUITE BB+   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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