September 03, 2025

Hexagon Nutrition (Exports) Private Limited: Long-term rating reaffirmed; short-term rating upgraded to [ICRA]A1

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term, Fund-based Limit	18.00	18.00	[ICRA]A1; upgraded from [ICRA]A2+
Short-term, Non-fund Based Limit	(7.00)**	(7.00)**	[ICRA]A1; upgraded from [ICRA]A2+
Short-term, Non-fund Based Limit	2.00	2.00	[ICRA]A1; upgraded from [ICRA]A2+
Long-term/ short-term, Unallocated	2.30	2.30	[ICRA]A- (Stable)/ [ICRA]A1; reaffirmed and upgraded from [ICRA]A2+
Total	**22.30**	**22.30**	

**Instrument details are provided in Annexure I; ** Sublimit of short-term fund-based limit*

ICRA has consolidated the business and financial risk profiles of Hexagon Nutrition Limited (HNL), and its subsidiaries, Hexagon Nutrition (Exports) Private Limited (HNEPL) and Hexagon Nutrition (International) Private Limited (HNIPL), together referred to as the Group/Hexagon Group. While arriving at the ratings, ICRA has taken note of the common management and the high financial and operational linkages among these entities.

The short-term rating upgrade reflects improvement in the Hexagon Group's liquidity position, supported by higher earnings, which is likely to sustain going forward. The rating action also considers ICRA's expectation that the Group's financial profile will remain comfortable, characterised by steady growth in revenue and earnings, while maintaining a comfortable capital structure and credit metrics.

In FY2025, the Group's revenue grew YoY by 8.8% to Rs. 327.1 crore from Rs. 300.7 crore in FY2024, driven by strong performance in the micronutrients and dietary supplement segment. The ready-to-eat food segment exports witnessed some moderation due to ongoing geopolitical uncertainties and their impact on funding received by global organisations such as UNICEF[1], GAIN[2], and WFP[3]. However, this impact is expected to be temporary, with volumes likely to recover in the near term. ICRA expects the Group to maintain similar growth levels in FY2026, primarily supported by continued momentum in the micronutrient and dietary supplement segment on the back of increased investments in advertising and brand building initiatives. Moreover, the Group's margins improved to 12.9% in FY2025 (9.3% in FY2024) supported by stabilisation in input costs, strategic advertising efforts to sustain pricing in the margin-accretive branded segment amid competitive pressures and effective inventory management. The healthy growth in earnings, coupled with limited reliance on debt, resulted in lower leverage levels for the Group. The ratings also continue to be supported by the Group's established operational track record, the promoters' extensive experience in the nutraceutical and dietary supplement industry, and long relationships with reputed international organisations including UNICEF, GAIN, and WFP.

However, the ratings are constrained by the Group's moderate scale of operations and limited pricing flexibility stemming from intense competition, particularly in the premix and nutraceutical segments. Notwithstanding, the Hexagon Group benefits to some extent for being one of the 44 companies globally, which are certified by GAIN under the GAIN Premix Facility, aimed at easing the procurement of good quality premixes for organisations that manufacture food products. Besides, the Group's

[1] United Nations International Children's Emergency Fund
[2] Global Alliance for Improved Nutrition
[3] World Food Programme

profitability continues to be vulnerable to volatility in raw material prices and fluctuations in forex rates, given the sizeable level of exports. ICRA has also noted the exit of the previous private equity (PE) investor – Somerset Indus Capital Partners in February 2025 following the sale of stake to a new investor.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's credit profile will be supported by steady growth in revenue and earnings, while maintaining a comfortable capital structure and debt protection metrics.

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters in micronutrient premixes and dietary supplements – HNL, the flagship company of the Group, was established by Mr. Arun Kelkar and family in 1993 and has been in the business of manufacturing micronutrient premixes and dietary supplements for around three decades. The promoters are professionally qualified in their field of operations and have prior experience of working with multinational FMCG companies.

Affiliation with international organisations like GAIN and WFP – HNL is one of the 44 companies globally, certified by GAIN under the GAIN Premix Facility aimed at easing the procurement of good quality premixes for organisations that manufacture food products. Moreover, the company partners with organisations like UNICEF and WFP for supplying vitamin and mineral premixes for their food fortification initiatives in developing and underdeveloped nations. It is also one of the 22 companies across the globe approved by UNICEF and WFP for procuring ready-to-use therapeutic food (RUTF) and micronutrient powders (MNP).

Heathy capital structure and coverage metrics – HNL's capitalisation and coverage indicators remain healthy, supported by steady internal accrual generation and no major increase in debt levels. On a consolidated basis, HNL's gearing stood at 0.1 times as on March 31, 2025 and other credit metrics also remained comfortable with total debt/OPBDITA of 0.7 times and interest coverage of 10.7 times in FY2025. Additionally, the liquidity profile remains strong, supported by steady operational cash flows, healthy cash/liquid investments and undrawn bank lines.

Expansion into overseas markets and UNICEF certification to help expand revenue base over near to medium term – A rising demand of dietary supplements and nutraceuticals, coupled with the increasing focus of various governments, international agencies, and NGOs towards addressing malnutrition issue across the globe, is expected to support the growth of the ESG segment of the Group. The growth is also expected to be supported by the Group's improving product offerings and increasing sales of its dietary supplements through domestic e-commerce channels, branding initiatives and exports. In FY2025, the premix segment remained the largest revenue contributor whereas the branded segment stood at around 28% of revenue (around 18% in FY2022). However, the ESG segment moderated due to lower spends by international organisations including GAIN, UNICEF, and WFP, primarily led by decline in contribution by the US against nutrition programmes. However, this impact is expected to be temporary, with volumes likely to recover in the near term.

Credit challenges

Moderate scale of operations – The Group's scale of operations remains moderate with revenue of Rs. 327.1 crore in FY2025. While the Group is expected to witness a steady growth over the near to medium term, its overall scale is likely to continue to be moderate. The Group is one of the largest players in India in the premix manufacturing segment. However, its presence in dietary supplements remains limited in a competitive market with several large players like Abott Nutrition, Nestle Health Science, and Hindustan Unilever, etc., and many smaller, unorganised players. Hence, its ability to grow its branded dietary supplements remains one of the key monitorable factors for the growth of the company.

Vulnerability of profitability to fluctuations in raw material prices and forex rates; pricing pressure owing to stiff competition – The Hexagon Group's profitability is vulnerable to volatility in prices of raw materials like vitamins, minerals, whey protein and skimmed milk powder (SMP). The Group also faces pricing pressure from its customers for being a part of a highly competitive industry. This has resulted in moderation of its operating margins over the years. However, margins over the past two years have witnessed improvement, to 12.9% in FY2025 with stabilisation of raw material prices, better inventory management and higher revenue from the margin-accretive branded products on the back of the Group's strategic advertising initiatives to sustain pricing amid competitive pressures. However, the profitability is expected to remain susceptible to raw material prices and pricing pressure. Moreover, the Group's margins are exposed to fluctuations in forex rates as a net exporter.

High working capital intensity - The Group's operations are working capital intensive with relatively high inventory and receivable days. The Group maintains an inventory of 90-100 days due to high lead time for the import of vitamins, while it offers 60-120 days of credit to its customers. Nonetheless, the working capital cycle is partially supported by creditor days of 30-45. The company also avails bank lines to support working capital requirements.

Liquidity position: Strong

The Group's liquidity position is strong, characterised by steady operational cash flows, healthy cash balance and liquid investments of around Rs. 48.5 crore, and cushion in the form of undrawn working capital limits of around Rs. 60.0 crore as on June 30, 2025. The Group is expected to incur routine capex of Rs. 8-10 crore p.a. and has debt repayments of Rs. 3.5-4.0 crore per annum in FY2026 and FY2027, which are expected to be sufficiently met through operational cash flows and available surplus liquidity. Moreover, with the exit of the previous PE investor, the potential share buyback obligation no longer exists, thereby further strengthening the company's liquidity position.

Rating sensitivities

Positive factors – The ratings can be upgraded if there is substantial increase in scale and profitability, along with improvement in working capital intensity, while maintaining comfortable liquidity position.

Negative factors – The ratings can be downgraded if there is considerable decline in revenue and earnings, or a stretched working capital cycle weakens the liquidity position. Specific credit metrics that could result in a ratings downgrade include Total Debt/OPBDITA over 2.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Pharmaceuticals](#)
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of HNL. As on March 31, 2025, HNL had six subsidiaries, which are listed in Annexure -II.

About the company

HNL, incorporated in 1993 by Mr. Arun Kelkar and family, is the flagship company of the Mumbai-based Hexagon Group. The Group manufactures and sells micronutrient premixes for human as well as veterinary consumption, along with therapeutic food and dietary supplements (branded products). The Group, besides domestic sales, also exports its vitamin and mineral premixes to more than 70 countries, primarily through its collaborations with WFP, GAIN, other international organisations, and NGOs.

The Group's manufacturing facilities are in Nashik (under HNL in Maharashtra, catering to domestic and export markets), Chennai (in MEPZ3 SEZ, under HNEPL, catering to the export markets) and Tuticorin (in the Food Processing Zone of Pearl City Food Port SEZ, Tamil Nadu, under HNIPL, catering mainly to export markets) and Uzbekistan (under a foreign subsidiary, Hexagon Nutrition Limited Liability Company). The domestic manufacturing facilities are ISO 22000:2005 certified, as well as

Food Safety System Certification (FSSC) 22000:2010, GMP Australia and Halal certified. HNL also has a food testing laboratory-cum-research centre in Nashik.

Key financial indicators

HNL – Consolidated	FY2024	FY2025
Operating income	300.7	327.1
PAT	12.3	24.3
OPBDIT/OI	9.3%	12.9%
PAT/OI	4.1%	7.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	1.4	0.7
Interest coverage (times)	6.7	10.7

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 amortisation

HNEPL – Standalone	FY2024	FY2025
Operating income	107.9	113.3
PAT	11.2	16.4
OPBDIT/OI	10.7%	14.5%
PAT/OI	10.4%	13.6%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.7	0.1
Interest coverage (times)	9.2	19.9

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 amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current		Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sept 03, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based	Short-term	18.00	**[ICRA]A1**	10-Dec-2024	[ICRA]A2+	06-Nov-2023	[ICRA]A2+	27-Jan-2023	[ICRA]A2+
Non-fund based	Short-term	(7.00)*	**[ICRA]A1**	10-Dec-2024	[ICRA]A2+	06-Nov-2023	[ICRA]A2+	-	-
Non-fund based	Short-term	2.00	**[ICRA]A1**	10-Dec-2024	[ICRA]A2+	06-Nov-2023	[ICRA]A2+	27-Jan-2023	[ICRA]A2+
Unallocated	Long-term and Short-term	2.30	**[ICRA]A-(Stable)/ [ICRA]A1**	10-Dec-2024	[ICRA]A-(Stable)/ [ICRA]A2+	06-Nov-2023	[ICRA]A-(Stable)/ [ICRA]A2+	27-Jan-2023	[ICRA]A-(Stable)/ [ICRA]A2+
Term Loan	Long-term	-	-					27-Jan-2023	[ICRA]A-(Stable)

**Sublimit of short-term fund based limits*

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term Fund based	Simple
Short-term Non-fund-based	Very Simple
Short-term Non-fund-based	Very Simple
Long-term/Short-term Unallocated	Not Applicable

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	Fund based	-	-	-	18.00	[ICRA]A1
NA	Non-fund based	-	-	-	(7.00)*	[ICRA]A1
NA	Non-fund based	-	-	-	2.00	[ICRA]A1
NA	Unallocated	-	-	-	2.30	[ICRA]A-(Stable)/ [ICRA]A1

*Source: Company; *Sublimit of fund-based limits*

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

Annexure II: List of entities considered for consolidated analysis

Company Name	HNL's Ownership	Consolidation Approach
Hexagon Nutrition (Exports) Private Limited	100.00% (rated entity)	Full Consolidation
Hexagon Nutrition (International) Private Limited	100.00%	Full Consolidation
Hexagon Nutrition Healthcare Pvt. Ltd.	100.00%	Full Consolidation
Hexagon Nutrition (PTY) Ltd.	100.00%	Full Consolidation
Hexagon Nutrition LLC	100.00%	Full Consolidation
Hexagon Nutrition China Ltd.	100.00%	Full Consolidation

Source: HNL annual report FY202

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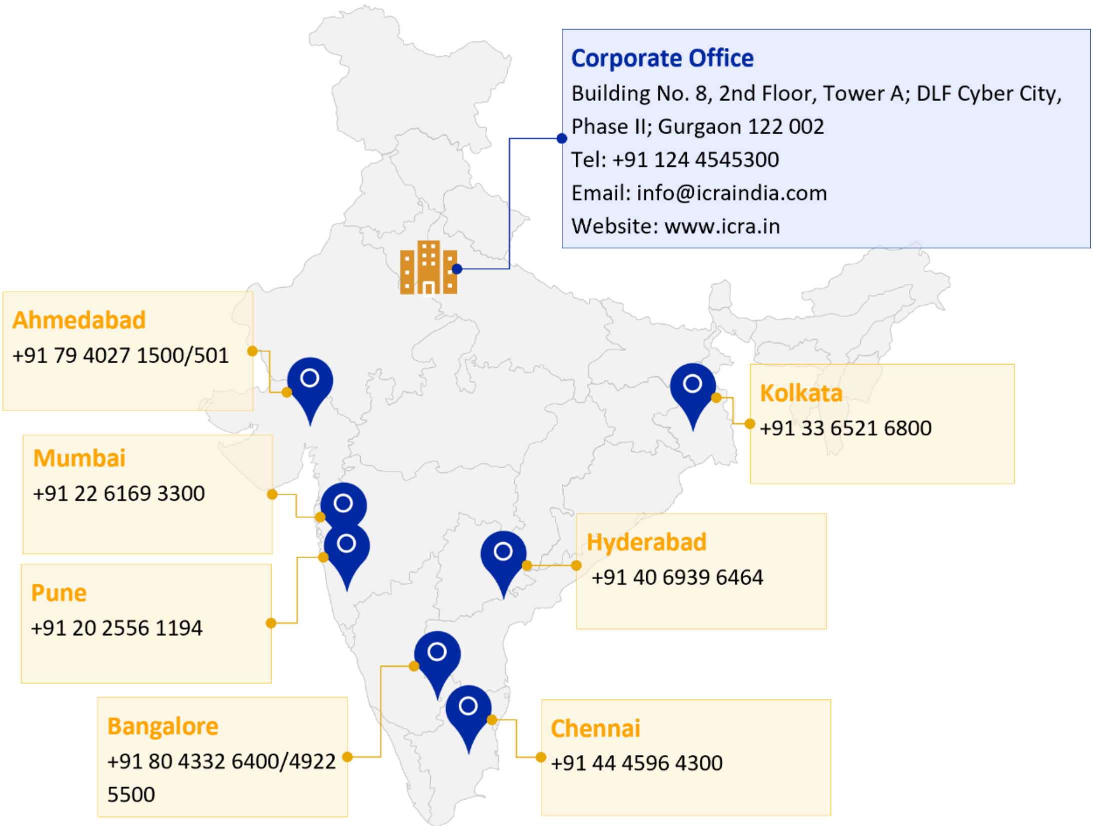

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