

December 31, 2025

## Nazareth Foods Private Limited: Rating reaffirmed

### Summary of rating action

| Instrument*                                     | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                  |
|---|--------------------------------------|-------------------------------------|--------------------------------|
| Long-term-Fund-based-Cash credit                | 95.00                                | 95.00                               | [ICRA]BBB (Stable); reaffirmed |
| Long-term-Unallocated limits-Unallocated limits | 1.52                                 | 1.74                                | [ICRA]BBB (Stable); reaffirmed |
| Long-term-Fund-based-Term loan                  | 3.48                                 | 0.00                                | -                              |
| <b>Total</b>                                    | <b>100.00</b>                        | <b>96.74</b>                        |                                |

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation for the bank lines of Nazareth Foods Private Limited (NFPL) considers ICRA's expectation that its credit profile will remain stable, supported by its strong operational linkages with Aachi Masala Foods Private Limited (AMFPL, rated [ICRA] BBB (Stable)), the flagship company of the Aachi Group (the Group) and healthy financial flexibility arising out of the same.

The rating continues to factor in the strong presence of the 'Aachi' brand in its key markets and extensive experience of the promoters in the manufacturing and distribution of masala powders and other related products, spanning over two decades. The rating also considers the Group's integrated structure, covering the entire value chain from raw material procurement to end sales, its well-entrenched distribution network and established market position in South India, as well as its expanding footprint across other domestic and export markets. ICRA also notes that the Group has received Rs. 25.0 crore in H1 FY2026 (FY2025: Nil, FY2024: Rs. 15.4 crore) as a part of the Government's Production Linked Incentive (PLI) scheme for the food processing industry. The company has also streamlined creditors, partially from promoter infusion (Rs. 50.0 crore in FY2025).

The rating remains constrained by the high working capital intensity of operations, geographical concentration and stiff competition in the industry, which restricts its pricing power. The Group procures raw materials in bulk to get price advantages during the stocking season. While the company has modified its procurement policy by entering into forward contracts with large-scale farmers and dealers, its ability to optimise the working capital cycle will be critical for improvement in cash flows. The Group continues to derive most of its revenues (approximately 90%) from the southern states, especially Tamil Nadu (accounted for 72% of revenues in FY2025). To mitigate this, the company has been carrying out focused marketing campaigns in other regional markets, with the launch of new, ready-to-cook and ready-to-eat variants. While the Group has been expanding its presence beyond South India, the extent of the contribution from the same remains minimal. The Group's earnings are also exposed to high fragmentation and competition in the industry, and consequent pricing pressure from both organised and unorganised players.

The Stable outlook on NFPL's long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by the Group's well-entrenched brand and limited debt-funded capex plans.

### Key rating drivers and their description

#### Credit strengths

**Strong brand equity and extensive experience of promoter** – The Aachi Group has established itself as one of the dominant players in the processing and marketing of powdered spices, instant mixes, pickles, spices, whole wheat flour, oil, clarified

butter, etc. mainly in the South Indian market. Aided by the extensive experience of its promoter, Mr. Padmasingh Isaac, stable demand and strong brand equity, the Group's revenues rose at a compounded annual growth rate (CAGR) of 3.7% over the last five years ending in FY2025.

**Integrated Group structure and well-entrenched distribution network** – The Group's operations are integrated, supporting its business profile. Aachi Special ([ICRA] BB+ (Stable)/ [ICRA] A4+) is the raw material procurement arm of the Group. It procures raw materials like chillies, coriander, pepper, turmeric, cardamom, etc, and preserves them in cold storage facilities for onward supply to AMFPL, NFPL and ASFPL. AMFPL markets the products manufactured by the Group, including NFPL and ASFPL. It also has a manufacturing division to cater to the rising demand for its products. The integrated nature of operations across the value chain supported by a well-entrenched distribution network has supported supply chain efficiency and sales growth. AMFPL has a strong distribution network of seven supreme/large distributors, 3,500 direct distributors and has presence in over 12 lakh retail outlets. Coupled with the Group's diversified and affordable product range, this has supported its stable sales volume and widespread product acceptance across geographies.

**Strong operational linkages with AMFPL** – NFPL is involved in the processing of around 30 broad types of vegetarian and non-vegetarian masala powders and other related products. Chilli powder and chicken masala contributed around 47% to the company's revenues in FY2025, and NFPL sells its products entirely to AMFPL. ICRA expects NFPL's revenues to remain supported by the Group's healthy business prospects on the back of its strong brand equity and wide-spread distribution network.

### Credit challenges

**Exposed to high geographical concentration risk and stiff competition** – The Aachi Group continues to derive most of its revenues (approximately 90%) from the southern states, especially Tamil Nadu (72% of revenues in FY2025). The Group has been carrying out focused marketing campaigns in other regional markets, aided by the launch of new, ready-to-cook and ready-to-eat variants. While it has been expanding its presence beyond South India, the extent of contribution from the same remains minimal at present and its ability to achieve meaningful diversification remains to be seen. The Group's earnings are exposed to high fragmentation and competition in the industry. Accordingly, it witnesses pricing pressure from both organised and unorganised players.

**Average financial profile, characterised by high working intensity** – While the Group's operating profit margins improved to 11.6% in FY2025 from 9.7% in FY2024, the revenues contracted by 11.6% to Rs. 1,690.7 crore in FY2025 on account of commodity price decline, partially offset by volume growth. The Group's working capital intensity remained high at 57.6% in FY2025, impacting cash flows and liquidity, and resulting in continued reliance on external borrowings. Consequently, the Group's coverage indicators remain moderate, with an interest coverage of 2.5 times in FY2025 (PY: 2.2 times), and Total debt/OPBDITA and DSCR at 3.5 times and 1.4 times, respectively. While the company has modified its procurement policy by entering into forward contracts with large-scale farmers and dealers, its ability to optimise the working capital cycle will be critical for the overall improvement in cash flow position. NFPL's standalone financial profile also remains moderate with an operating margin of 3.8% in FY2025 and moderate debt metrics, reflected in total debt/OPBDITA of 5.6 times and TOL/TNW of 2.6 times as on March 31, 2025.

### Liquidity position: Stretched

The company's liquidity is expected to remain stretched with negligible cash balances and undrawn working capital lines of Rs. 1.02.0 crore against the sanctioned limits of Rs. 95.0 crore. However, the same will be supported by expected cash flow from operations of Rs. 10.012.0 crore in FY2026 and FY2027. While the working capital utilisation stands at over 95% on a standalone basis against the sanctioned limit of Rs. 95.0 crore, the average utilisation at the Group level stood at 80% of the sanctioned limits in the 12 months ended in September 2025. The Group has cash flow fungibility due to inter-linkages in operations. NFPL has a principal repayment of Rs. 0.7 crore in H2 FY2026 and Rs. 0.9 crore in FY2027 on its existing loans.

## Rating sensitivities

**Positive factors** – Improvement in the credit profile of AMFPL could accelerate the transition towards a higher rating.

**Negative factors** – Pressure on the rating could arise if support and linkages with AMFPL weaken or if there is a deterioration in the credit profile of AMFPL and/or a sharp deterioration in NFPL's earnings and/or an elongation in the working capital cycle, impacting its liquidity profile.

## Analytical approach

| Analytical Approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a>                               |
| Parent/Group support            | The ratings are based on implicit support from Aachi Masala Foods Private Limited |
| Consolidation/Standalone        | Standalone  |

## About the company

The Aachi Group has an established presence in the food products industry for over a decade with its various entities operating throughout the industry value chain—from raw material procurement to end sales. The Group has five manufacturing facilities in and around Chennai, with a total installed processing capacity of 280 metric tonnes per day (MTPD) for chilli powder, coriander powder and mixed spices. AMFPL sells masala products, instant mixes, pickles, spices, turmeric powder, whole wheat flour, oil, clarified butter, water bottles, etc., through its established dealership network.

NFPL is involved in processing of around 30 broad types of vegetarian and non-vegetarian masala powders and other related products. Chilli powder and chicken masala contributed 46.3% to its revenues in FY2025, and NFPL sells its products entirely to AMFPL.

### Key financial indicators – NFPL (Audited)

| Standalone   | FY2024 | FY2025 |
|--|--------|--------|
| Operating income                                     | 643.5  | 548.9  |
| PAT  | 2.9    | 3.7    |
| OPBDITA/OI (%)                                       | 3.2%   | 3.8%   |
| PAT/OI (%)   | 0.5%   | 0.7%   |
| Total outside liabilities/Tangible net worth (times) | 3.0    | 2.6    |
| Total debt/OPBDITA (times)                           | 5.4    | 5.6    |
| Interest coverage (times)                            | 1.4    | 1.4    |

Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

### Key financial indicators – Aachi Group (Unaudited)

| Consolidated   | FY2024  | FY2025  |
|--|---------|---------|
| Operating income                                     | 1,912.0 | 1,690.7 |
| PAT  | 44.1    | 67.9    |
| OPBDITA/OI (%)                                       | 9.7%    | 11.6%   |
| PAT/OI (%)   | 2.3%    | 4.0%    |
| Total outside liabilities/Tangible net worth (times) | 1.7     | 1.3     |

| Consolidated                      | FY2024 | FY2025 |
|-----------------------------------|--------|--------|
| <b>Total debt/OPBDITA (times)</b> | 3.6    | 3.5    |
| <b>Interest coverage (times)</b>  | 2.2    | 2.5    |

Amount in Rs. crore; Source: Company, ICRA Research; The numbers are consolidated by ICRA by adjusting the inter-company transactions. Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; 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 rating (FY2026)                      |           |                         |                    | Chronology of rating history for the past 3 years |                    |              |                     |              |                     |
|--|-----------|-------------------------|--------------------|---|--------------------|--------------|---------------------|--------------|---------------------|
|  |           |                         |                    | FY2025  |                    | FY2024       |                     | FY2023       |                     |
| Instrument                                   | Type      | Amount rated (Rs crore) | December 30, 2025  | Date  | Rating             | Date         | Rating              | Date         | Rating              |
| <b>Fund-based-Cash credit</b>                | Long Term | 95.00                   | [ICRA]BBB (Stable) | Oct 16, 2024                                      | [ICRA]BBB (Stable) | Oct 06, 2023 | [ICRA]BBB+ (Stable) | Dec 05, 2022 | [ICRA]BBB+ (Stable) |
| <b>Fund-based-Term loan</b>                  | Long Term | 0.00                    | -                  | Oct 16, 2024                                      | [ICRA]BBB (Stable) | -            | -                   | -            | -                   |
| <b>Unallocated limits-Unallocated limits</b> | Long Term | 1.74                    | [ICRA]BBB (Stable) | Oct 16, 2024                                      | [ICRA]BBB (Stable) | Oct 06, 2023 | [ICRA]BBB+ (Stable) | Dec 05, 2022 | [ICRA]BBB+ (Stable) |

### Complexity level of the rated instruments

| Instrument   | Complexity indicator |
|--|----------------------|
| <b>Long-term-Unallocated limits-Unallocated limits</b> | NA                   |
| <b>Long-term-Fund-based-Cash credit</b>                | 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   | Cash Credit     | NA               | NA          | NA       | 95.00                    | [ICRA] BBB (Stable)        |
| NA   | Unallocated     | NA               | NA          | NA       | 1.74                     | [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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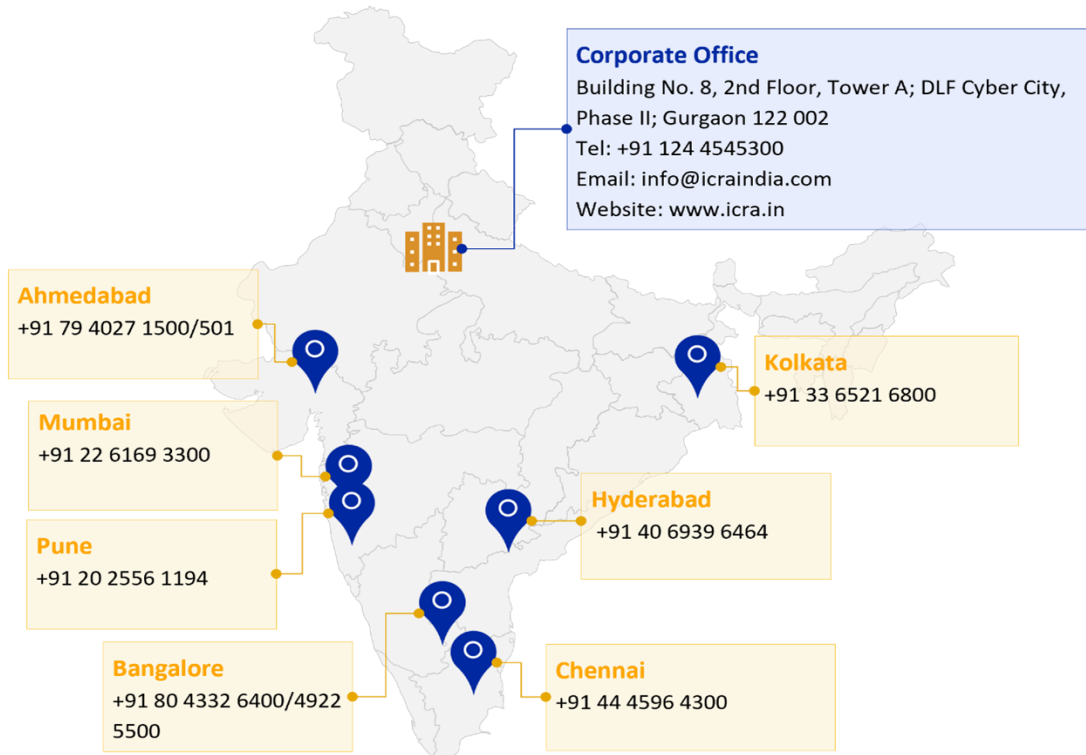


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