

Aachi Spices and Foods Private Limited

| Instruments | Amount (Rs. crore) ¹ | Rating Action |
|--|------------------------------------|--|
| Long-term - Term Loan Facilities | 1.92 (revised from 15.13) | Reassigned to [ICRA]BBB+(SO) (Stable) from [ICRA]BB+ |
| Long-term - Fund based Facilities | 13.00 (revised from 11.00) | Reassigned to [ICRA]BBB+(SO) (Stable) from [ICRA]BB+ |
| Proposed - Long term facilities | 30.00 (revised from 0.68) | Provisional [ICRA]BBB+(SO) (Stable) / re-assigned from [ICRA]BB+ |
| Short-term- Non- fund Based Facilities | 0.19 | Reassigned to [ICRA]A2(SO) from [ICRA]A4+ |

ICRA has reassigned the rating outstanding on the Rs. 1.92 crore term loan facilities (revised from Rs.15.13 crore) and the Rs.13.00 crore fund based facility (revised from Rs. 11.00 crore) of Aachi Spices and Foods Private Limited (“ASFPL”/“The company”) to [ICRA]BBB+(SO) (pronounced ICRA triple B plus Structured Obligation) from [ICRA]BB+ (pronounced ICRA double B plus). The outlook on the long term rating is Stable. ICRA has also reassigned the rating outstanding on the Rs.0.19 crore short-term non-fund based facilities of ASFPL to [ICRA]A2(SO) from [ICRA]A4+ (pronounced ICRA A four plus). The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA’s opinion on the general credit quality of the issuers concerned.

ICRA has also re-assigned the rating outstanding on the Rs.30.00 crore proposed facilities (revised from Rs. 0.68 crore) of ASFPL from [ICRA]BB+ to a provisional rating of [ICRA]BBB+(SO) with a stable outlook. The rating assigned is provisional as of now (as denoted by the prefix “Provisional” before the rating symbol) and is subject to the fulfillment of all conditions under the structure and review of final documentation pertaining to the facility by ICRA, besides the executed documentation being in line with ICRA’s expectations.

The ratings for ASFPL is based on the strength of the unconditional and irrevocable corporate guarantee extended by Aachi Masala Foods Private Limited (“Aachi”, rated [ICRA]BBB+ (Stable) / [ICRA]A2) for the Rs. 15.11 crore bank facilities of ASFPL and Aachi’s willingness to extend a guarantee to the proposed Rs. 30.00 crore bank facilities of ASFPL. Aachi has a strong market position in the south Indian FMCG space with a portfolio of more than 200 food products and has exhibited sustained growth in revenues over the years backed by the strong brand recall enjoyed by the name “Aachi”, penetration into new geographies and introduction of new products. The rating addresses the servicing of the rated facilities to happen as per the terms of the underlying loans and the corporate guarantee arrangements. In the event that Aachi revokes or discontinues the arrangement, the captioned rating for the above mentioned facilities will not apply. In that event, the rating on the facilities will have to be reviewed.

On a standalone level, ASFPL registered a robust revenue growth of ~60% in FY2016 when compared to FY2015 driven by new products and healthy demand for existing products in the portfolio. The company’s entire sales are made to Aachi, lending stability to its revenues. However, the financial profile remains weak characterized by thin profit margins, stretched capitalization and coverage indicators. Profit margins are susceptible to variations in raw material prices which are prone to agro-climatic risks.

Company Profile

Aachi Spices And Foods Private Limited (“ASFPL”) was incorporated in 2008 as a proprietorship firm by Mr AD Padmasingh Isaac and was later incorporated as a private limited Company in March 2010. ASF manufactures 120 product lines under the segments ready to cook (gulab jamun mix, badam milk mix etc), pickles, pastes and spices with its manufacturing facilities located at Chennai.

¹ 100 lakh = 1 crore = 10 million

Recent Results

The company registered a net profit of Rs. 1.1 crore on an operating income of Rs.112.7 crore in FY2016 as against a net profit of Rs.0.4 crore on an operating income of Rs.70.5 crore in FY2015.

Guarantor Profile

Aachi Masala Foods Private Limited is a family run trading business established by Mr. Padmasingh Isaac in December 2006. The Company initially started as the marketing divisions of Nazareth Foods Private Limited (Nazareth), which produces masala powders. The marketing divisions were M/s Abhishek Enterprises (proprietary firm) and M/s Naveen Products (partnership firm), later merged together and a new company by name Aachi Masala Foods Private Limited was formed in December 2006. The company has a manufacturing facility at Gummodipoondi with an installed capacity of 140 tons/day to process chilli powder, coriander powder and mixed spices. Currently, apart from trading Nazareth's masala products, the Company also trades other products like Atta, Oil, Ghee, Health Drinks, Dia Rice, Pickles, Asafoetida, Ready to Cook paste and papad. Currently 230 product ranges are traded by the company in different pack sizes across South India, of which masala powders alone constitute more than 100 ranges.

Apart from Aachi and ASFPL, the promoters have interests in companies in similar line of business, namely- Aachi Special Foods Private Limited, Nazareth Foods Private Limited ([ICRA]BBB+/Stable), Benny Products Private Limited ([ICRA]BB/Stable) and other businesses.

At consolidated level, Aachi Group reported a net profit of Rs. 27.7 crore on an operating income of Rs. 1049.2 crore during FY2016. For consolidation, ICRA has combined the financials of Aachi, ASFPL, Nazareth Foods Private Limited and Benny Products Private Limited

September 2016

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Srikumar (Tel. No. +91 44 4596 4318)
k.srikumar@icraindia.com

Gayathri R (Tel. No. +91 44 4596 4311)
gayathri.ramesh@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500