

## Nature Harvest Agro Processors Private Limited

October 24, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	82.00 (Enhanced from 78.00)	CARE BB-; Stable	Upgraded from CARE B+; Stable

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of Nature Harvest Agro Processors Private Limited (NHAPPL) derives comfort from the achievement of financial closure for the upcoming project along with timely progress of the project without any cost overrun. The ratings continue to remain constrained by the project execution risk and post implementation saleability risk. The rating also considers inherent agro-climatic risks and profitability margins begin susceptible to volatility of raw material prices.

The ratings, however, derive strength from experience of promoters, locational advantage marked by availability of raw materials and cheap labour, and favourable demand outlook for maize produces.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely completion of project without time and cost overrun.
- Scaling up of turnover and profitability as envisaged.

#### Negative factors

- Any major cost or time overruns in the project implementation.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook on the long-term facilities of the company is based on the expectation that the company will continue to benefit from the extensive experience of the promoters and management in the industry leading to timely completion of the project and achievement and sustenance of the envisaged financial performance along with India's growing appetite for maize-based produce.

### Detailed description of key rating drivers:

#### Key weaknesses

**Project execution risk and post implementation saleability risk:** The company plans to establish an integrated maize, paddy, and animal feed processing plant to produce maize grits, maize flakes, rice rawa items, poultry, and fish feed with an installed capacity of 558 TPD/ 1,67,400 TPA at Dhubri, Assam. The total project cost is estimated to be Rs.92.39 crore, to be financed through debt of Rs.60 crore and rest through equity/unsecured loan. The debt has already been tied up and as of September 23, 2024, the company has incurred total costs of Rs. 36.39 crores i.e., 39.39% of the total financial cost. Also, the company has achieved physical progress of around 75% for civil & fabrication and 6.30% for machinery & commissioning as per LIE report dated May 27, 2024. The project progress in terms of cost and timelines are as envisaged earlier and as per the project report. Going forward, ability of the company to successfully execute the project without any significant time and cost overrun, along with stabilisation of the project post implementation shall be the key rating monitorable.

**Profitability being susceptible to volatility of raw material prices amidst inherent agro-climatic risks:** With raw material costs accounting for majority of the overall cost and limited control over selling prices of maize produce, NHAPPL's profitability will be vulnerable to volatility in raw material (key ingredients – maize) prices like other players in the industry. The key raw materials, being agricultural crops, are of seasonal in nature, the availability of which is affected by factors such as changes in weather conditions, low or high rainfall, production levels, etc.

#### Key strengths

**Extensive experience of promoters:** NHAPPL promoted by Mr Nazrul Hoque has over two decades of experience across civil construction and petroleum industry. The other directors have also been engaged in various business ventures namely

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

construction, real estate, and farming. Currently, day to day affair of the company is managed by Mr Nazrul Hoque and other directors supported by a team of professionals.

**Locational advantages:** The plant is proposed to be located in Dhubri district of Assam which is a grain rich area. The company plans to source the raw materials from the local market through several available suppliers. Further, the proposed plant will be close to water canal, enabling steady supply of water for the plant. Also, the proposed location of the plant is well connected through road/rail network and with available manpower around the location.

#### **Liquidity:** Stretched

The liquidity position of the company is expected to remain stretched in the near future as financing of project cost is largely based on debt fund. Nonetheless, promoters have already infused around Rs. 18.77 crore in the form of equity/unsecured loan till September 23, 2024.

Going forward, it remains crucial for the company to commence its operations and generate revenue as envisaged.

#### **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Nature Harvest Agro Processors Private Limited (NHAPPL) was incorporated in October, 2021 is promoted by Mr. Nazrul Hoque. The company plans to establish an integrated maize, paddy, and animal feed processing plant to produce maize grits, maize flakes, rice rawa items, poultry, and fish feed at an installed capacity of 558 TPD/ 1,67,400 TPA at Dhubri, Assam. The project is expected to start its commercial production by April'25. Currently, day to day affair of the company is looked after by Mr. Nazrul Hoque supported by a team of professionals.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	0.00	0.00
PBILDT	-0.02	-0.04
PAT	-0.02	-0.05
Overall gearing (times)	0.00	0.74
Interest coverage (times)	-190.00	-6.95

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	22.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	September - 2036	60.00	CARE BB-; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	60.00	CARE BB-; Stable	-	1)CARE B+; Stable (01-Nov-23)	-	-
2	Fund-based - LT-Cash Credit	LT	22.00	CARE BB-; Stable	-	1)CARE B+; Stable (01-Nov-23)	-	-

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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