

Aakash Global Foods Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	22.46	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	26.00	CARE BBB+; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Aakash Global Foods Private Limited (AGPL) continue to derive comfort from it being a part of Haldiram group with majority shareholding with Haldiram group entities, established track record of operations in packaged food industry with strong marketing and distribution network, comfortable capital structure and debt coverage indicators and adequate liquidity.

The ratings, however, continue to remain constrained on account of AGPL's moderate scale of operations as well as profitability, execution and stabilisation risk associated with on-going debt funded capex, susceptibility of its profitability to volatile raw material prices and intense competition in a fragmented packaged food industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors

- Significant volume driven growth in its scale of operations with PBILDT margin of more than 7% on a sustained basis.
- Improvement in capital structure with overall gearing below 0.50 times and Total debt/GCA below 2 times on sustained basis.

Negative Factors

- Deterioration in its PBILDT margin below 4% on a sustained basis.
- Deterioration in capital structure with overall gearing more than 1.50 times on a sustained basis
- Dilution in Haldiram Group's stake in AGPL to below 50% or significant deterioration in the credit profile of Haldiram Group

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the entity shall continue to benefit from its strong parentage and established brand as well as distribution network which shall enable it to sustain its comfortable financial risk profile over the medium term.

Detailed description of the key rating drivers

Key Strengths

Strong support of Haldiram Group

AGPL is jointly owned by the founder promoter of the company Mr. Rajnish Gupta, who has an experience of more than 20 years in the foods processing industry, and the Haldiram group of Nagpur, Maharashtra and Delhi which has an established brand name in the snacks industry.

AGPL was established in 1992 by Mr. Rajnish Gupta and Mr. Rajesh Gupta to manufacture sweets and Namkeen. Subsequently, it added potato chips and extruded snacks to its product portfolio and sells all its products under the brand name "Aakash". During March 2016, Haldiram Snacks Private Limited (HSPL) and Haldiram Foods International Private Limited (HFIPL) bought 44% stake each (88% total) from Mr. Rajnish Gupta and other shareholders of AGPL as a part of a strategic investment to enter the markets of Madhya Pradesh. AGPL benefits from expertise of Haldiram group's promoters and established network of the group. The Haldiram group has also extended need-based financial support in form of equity infusion and unsecured loans to AGPL.

Established operations in packaged food industry along with strong marketing and distribution network

Started in 1992, AGPL has long track record of operations of over two decades in the packaged food industry and it sells its products under the brand name "Aakash". It has an installed capacity for manufacturing of potato chips, namkeens, sweets and extruded snacks and an established marketing and distribution network of more than 600 dealers and distributors across India catering to 25 states. The association from Haldiram has helped in development of distribution network. The company has also

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

channelized its sales by entering into 'sale and purchase' agreement with various co-packers to manage its logistics costs in effective manner.

The company also caters to institutional clients such as D-mart, Big Bazaar and Reliance Smart and retail shops through the distributors across the country. The company also exports small portion of sales to countries such as USA, Canada, Australia, Italy, UAE, and New Zealand; which contributed 4% to the total sales in FY24.

Comfortable capital structure and moderate debt coverage indicators

The capital structure of AGPL continued to remain comfortable despite debt availed for its on-going capex. The overall gearing stood comfortable at 1.17x as on March 31, 2024 (FY23: 1.20x) on the back of healthy accretion of profits to the net worth. With improved profitability, debt coverage indicators improved and continued to remain comfortable marked by PBILDT interest coverage of 12.08 times (5.06 times in FY23) and total debt/ GCA of 3.86 times (6.77 times in FY23).

In 9MFY25, debt coverage indicators moderated with reduction in profitability and increase in debt but continued to remain at comfortable level marked by interest coverage of 10.86 times and total debt to GCA of 7.62 times. Going forward, capital structure and debt coverage indicators are expected to moderate on the back of on-going debt funded capex.

Key Weaknesses

Moderate scale of operations and profitability

The total operating income (TOI) of AGPL increased to Rs. 444 crore in FY24 as compared to Rs. 412 crore in FY23 registering a y-o-y growth of 8% on the back of higher sales across categories and increased penetration in states where AGPL already has presence. The profitability of AGPL also improved significantly from 3.47% in FY23 to 6.92% in FY24 on account of reduction in key raw material prices mainly edible oil. In line with this, PAT margin also improved by 256 bps y-o-y to 4.13% during FY24 (PY: 1.56%).

During 9MFY25, AGPL reported TOI of Rs. 351 crore along with PBILDT of 4.27%. The profitability moderated as compared to FY24 on account of rise in edible oil prices and lower absorption of overheads due to change in one of the co-packers resulting in lower sales.

Implementation and stabilization risk associated with on-going debt funded project

AGPL is setting up a manufacturing facility in West Bengal with total project outlay of Rs. 205 crore (revised from Rs. 160 crore due to change in scope of work and upgradation of technology). The total cost of project shall be funded through term loan of Rs.135 crore, Rs.34 crore through equity infusion by the promoters and remaining through internal accruals. Till December 31, 2024, AGPL had incurred ~Rs. 121 crore and the project is expected to be completed by June 2025 against earlier expectation of March 2025 due to change in scope of work. Any further time or cost overrun for project completion shall be a key rating monitorable.

The products manufactured in this plant would remain similar to the existing portfolio apart from addition of a few regional products as per the requirement. This project shall increase the overall capacity of the company and is also expected to reduce the logistics cost to northern and eastern states of India and increase its presence in nearby states also.

Susceptibility of operating margin to volatile raw material prices

The raw material procured by AGPL primarily consists of pulses, edible oil, spices, split chickpeas (chana dal), peanuts, puffed rice (poha), among others. Majority of these raw materials are procured from vicinity in Madhya Pradesh. The company does not have any long-term contracts with its suppliers except for potato which exposes the company to risk in raw material price fluctuation. Also, AGPL does not carry large raw material inventory except for spices which are stored in cold storage.

Presence in a fragmented and competitive packaged food industry

The long-term demand outlook for packaged food industry is favourable on the back of increasing population, increase in per capita consumption which in turn would be driven by changing lifestyles, growing urbanization, and steadily rising affluence levels. However, the industry is highly fragmented with presence of several regional players apart from few large players. Over the years, many small regional players have entered this segment which has added to competitive intensity of the industry. The business is also susceptible to changing preferences of consumers, among others. However, established players such as AGPL relatively fare better in terms of strong regional presence.

Liquidity: Adequate

Liquidity profile of AGPL remained adequate marked by healthy cash accruals (around ₹14-25 crore) against debt repayment obligation in the range of ₹ 7-15 crore over the next three years, positive cash flow from operations and low utilization of working capital limits. Operating cycle remained lean at 21 days and utilization of fund-based working capital limits stood low at 41% for past 12 months ended December 2024. The net cash flow from operating activities stood positive at ₹32.04 crore during FY24.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable Criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry Classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

AGPL (CIN No. U15440MP1992PTC007224) was initially promoted by Mr. Rajnish Gupta and Mr. Rajesh Gupta, in 1992. Subsequently, in March 2016, the Haldiram group acquired 88% stake in the entity through two companies, HSPL and HFIPL with 44% stake each; as a part of their strategic investment to enter the snacks market of Madhya Pradesh. AGPL is engaged in the manufacturing of sweets, potato chips, namkeen and extruded snacks and sells its products under the brand name 'Aakash'. AGPL is ISO certified and has manufacturing license from Food Safety and Standards Authority of India under Food and Safety Standards Act, 2006.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	411.90	443.96	350.71
PBILDT	14.28	30.71	14.98
PAT	6.44	18.32	7.66
Overall gearing (times)	1.20	1.17	0.96
Interest coverage (times)	5.06	12.08	10.86

A: Audited, Prov: Provisional; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating History for the last three years: Please refer Annexure-2

Covenants of rated instruments / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure- 4

Lender details: Annexure-5

Annexure 1: Details of Instrument/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 along with Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2029	22.46	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	26.00	CARE BBB+; Stable / CARE A3+

Annexure 2: Rating History of 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	22.46	CARE BBB+; Stable	-	1)CARE BBB+; Stable (01-Mar-24)	1)CARE BBB+; Stable (17-Mar-23)	1)CARE BBB+; Stable (31-Mar-22)
2	Fund-based - LT/ ST-Cash Credit	LT/ST	26.00	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (01-Mar-24)	1)CARE BBB+; Stable / CARE A3+ (17-Mar-23)	1)CARE BBB+; Stable / CARE A3+ (31-Mar-22)

* Long Term / Short Term

Annexure -3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure -4: Complexity level of various instruments rated

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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

Contact us

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About us:

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