

NHC Foods Limited

August 06, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 59.07 Crore (Reduced from Rs. 60.00 Crore)	Regulator[^]
Long Term Rating	IVR BBB-/Stable (Withdrawn)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed the long-term assigned to the bank facilities of NHC Foods Limited (NHCFL) and simultaneously withdrawn the rating of IVR BBB-/Stable with immediate effect. The withdrawal of the rating is based on the request of NHCFL and “No Objection Certificate” received from the lender, that have extended the facilities rated by Infomerics. The rating is withdrawn in accordance with Infomerics Ratings policy on withdrawal of ratings.

The reaffirmation of the rating assigned to the bank facilities of NHCFL factors in extensive experience of the management, sustained improvement in the revenue and comfortable capital structure. The rating strengths are however, constrained by working capital intensive nature of operations, thin operating margins, exposure to commodity price fluctuations and forex risk.

Outlook: Stable

The stable outlook reflects the experienced management and comfortable capital structure.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Extensive experience of Management

NFL is currently professionally managed by Mr. Satyam Joshi who is currently Managing Director of the company and new promoter of the company and has more than two decades of experience

in FMCG segment. Mr. Joshi has over 25 years of experience in capital markets and domestic agri-trading, with expertise in commodities trading, logistics, and finance.

Sustained improvement in revenue

NFL's revenue has improved by around 30.00% to Rs. 444.28 crore in FY26 from Rs. 341.93 crore in FY25 driven by increase in overall trading activity. However, EBITDA margins have moderated to 3.51% in FY26 from 4.45% in FY25 due to on account of increase in the higher trade purchases in FY26.

Comfortable capital structure

NFL's capital structure remains comfortable marked overall gearing and TOL/ATNW of 0.57x and 0.74x respectively as on March 31, 2026. Further, tangible net-worth has increased to 89.29 as on March 31, 2026, as compared to 74.65 as on March 31, 2025, on account of fresh equity infusion of Rs. 6.50 crore and accretion to reserves. Additionally, interest coverage ratio improved to 3.07x in FY26 from 2.58x in FY25.

Weaknesses

Working Capital Intensive nature of business

NHC's working capital operations remain moderately intensive, with the working capital cycle remained in the range of 100- 120 days for past two fiscals ended FY26. The working capital cycle continues to be driven by the average collection period of 121 days, as the company extends credit to its customers of 100-120 days in line with industry practices. Inventory holding remained low at 11 days in FY26 due to the company's trading nature of business and efficient inventory management. The average creditor period stood at 17 days as most of the creditors are settled through spot payments. Consequently, the company relies on working capital borrowings.

Exposure to commodity price fluctuations and forex risk

The commodity market exhibits high degree of volatility. Their prices depend on various parameters such as government policies, climatic conditions, global demand-supply dynamics among others. Any sharp deviation in these commodity prices can have a significant impact on the operations of players such as NFL.

Thin operating margins

Operating margins remained thin at 3.51% in FY26, compared to 4.45% in FY25. The contraction was largely due to the company's increased focus on domestic trading, compared to exports. At the same time, the agro-trading business carries inherent limitations, being dependent on climatic risks, market and consumer behaviour, supply chain dynamics and changes in trade policies. Any adverse developments in these areas may impact the company's performance.

Liquidity – Adequate

The company's liquidity profile remains adequate, supported by healthy gross cash accruals of over Rs.8 crore against long-term debt repayments obligation of Rs.1.49 crore for FY27. The fund-based limits have been moderately utilized, with average utilization at 81.54% over the 12 months ended May 2026. The company's current ratio stood healthy at 2.29 times as of March 31, 2026.

Rating Sensitivities – Not Applicable

About the Company

NHCFL is a Government Recognized Three-Star Export House engaged in the business of food processing and trading of Whole & Ground Spices, Lentils, Pulses, Grains, Oil Seeds and various other Agri-products and Assorted Food Products. NHC Foods Limited was incorporated in 1960 by Mr. Apoorva Himatlal Shah; however, post Rights issue Mr. Apoorva Himatlal Shah has sold its entire stake in the company and NFL is currently professionally managed by Mr. Satyam Joshi who along with his investor group is holding majority stake in the company.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	341.93	444.28
EBITDA	15.21	15.58
PAT	6.69	6.09
Total Debt	32.66	51.53
Tangible Net Worth (TNW)	74.65	89.29
EBITDA Margin (%)	4.45	3.51
PAT Margin (%)	1.95	1.34
Overall Gearing (times)	0.44	0.58
Interest Coverage (times)	2.58	3.07

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria[Rating Methodology for Trading Companies.](#)[Financial Ratios and Interpretation \(Non-Financial Sector\).](#)[Criteria for assigning Rating outlook.](#)[Policy on Default Recognition](#)[Complexity Level of Rated Instruments/Facilities](#)[Policy on withdrawal of rating](#)**Status of non-cooperation with previous CRA:** Nil**Any other information:** Nil**Rating History for last three years**

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years				
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25			Date(s) & Rating(s) assigned in 2023-24
					Sept 16, 2025	Feb 21, 2025	Jan 31, 2025	Oct 8, 2024	
1	Fund based facilities	LT	59.07	IVR BBB-/Stable (Withdrawn)	IVR BBB-/Stable	IVR BBB-/RW DI	IVR BBB-/Stable	IVR BBB-/Stable	--

Annexure 1: Instrument/Facility Details

Name of Facility/Securitized	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook#	Listing Status	Regulator [^]	Complexity Indicator
Term Loan	-	-	-	March 2028	2.26	IVR BBB-/Stable (Withdrawn)	NA	RBI	Simple
Cash Credit	-	-	-	Revolving	25.00	IVR BBB-/Stable (Withdrawn)	NA	RBI	Simple
Export Packing Credit (EPC)/Pre-shipment Credit in Foreign Currency (PCFC)	-	-	-	-	11.00	IVR BBB-/Stable (Withdrawn)	NA	RBI	Simple



Name of Facility/ /Security	ISI N	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook#	Listing Status	Regulator ^	Complexity Indicator
Proposed Cash Credit	-	-	-	-	20.81	IVR BBB- /Stable (Withdrawn)	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

#The above action has been taken at the request of NHC Foods Limited and 'No Objection Certificate' received from the lender who has extended the rated facilities. The rating is being withdrawn in accordance with Infomerics' Policy on withdrawal of ratings.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len NHC Foods06_Aug26_7e199b8757.pdf

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

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI



Sr. No.	Instrument / activity Name	Regulator of the instrument
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

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