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## ICRA upgrades the ratings for bank facilities of Komal Foods Private Limited; assigns stable outlook

ICRA has upgraded the rating assigned to Rs 3.00 crore term loan and Rs 7.00 crore fund based limits of Komal Foods Private Limited (KFPL) from LBBB (pronounced L triple B) to LBBB+ (pronounced L Triple B plus)<sup>†</sup>. The outlook on the long-term rating is stable. ICRA has also upgraded the rating assigned to the Rs 2.00 crore non-fund based limits of KFPL from A3+ (pronounced A three plus) to A2+ (pronounced A two plus)<sup>†</sup>.

The rating upgrades factor in successful commissioning of its manufacturing facility and stabilization of its operations. Further, the ratings continue to factor in the strengths arising out of KFPL's experienced promoters, its access to Haldiram Foods International Limited's (HFIL)<sup>‡</sup> established distribution network across western and southern India and the use of 'Haldiram' brand which is an established brand in the packaged foods industry and enjoys high recognition and dedicated customer base. Further, the ratings factor in the adequate financial profile of the company characterised by robust debt coverage indicators and low working capital intensity of business. The ratings however continue to remain constrained by relatively limited track record of the company, relatively moderate scale of operations, exposure to competition from branded packaged foods players as well as local sweets/namkeen manufacturers, and its entry into new product segments in which the company is yet to establish its presence.

### Company Profile:

Komal Foods Private Limited (KFPL) is a part of the Haldiram Nagpur Group of companies, which was promoted by Mr. Shiv Kishan Agarwal in 1969. The Group's is engaged in manufacturing and sale of packaged sweets, namkeens and extruded snacks. KFPL has been promoted to expand the manufacturing capacity of the group and has access to the 'Haldiram' brand name and the well-established distribution network of the group. The manufacturing plant of the company is located at Gumthal, Nagpur. In 2009-10 (Provisional), the company recorded sales of 60.37 crore and posted a profit after tax (PAT) of Rs.4.07 crore as compared to sales of Rs.11.35 crore and PAT of Rs. 0.65 crore in 2008-09.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>†</sup> For complete rating scale and definitions, please refer ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>‡</sup> Please refer to ICRA published rationale of LA+/A1+ ratings assigned to Haldiram Food International Limited.

## **PRESS RELEASE**

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