



Press Release

Nilons Enterprises Private Limited (NEPL)

May 12th, 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	120.05 (Reduced from Rs.124.70 crore)	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Reaffirmed	Simple
Short term Bank Facilities	0.30	IVR A3 [IVR A Three]	IVR A3 [IVR A Three]	Rating Reaffirmed	Simple
Long term Bank Facilities	0.00* (Reduced from Rs.96.30 crore)	-	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Withdrawn	Simple
Long term Bank Facilities – Term loan	0.00** (Reduced from Rs.96.30 crore)	IVR BBB-/ Stable; Withdrawn [IVR Triple B Minus with Stable Outlook & Withdrawn]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Reaffirmed and Withdrawn	Simple
Total	Rs. 120.35 crore (Rupees One hundred and twenty crore and thirty-five lakhs Only)				

**Infomerics has withdrawn the ratings for this facility on the basis of request by the company, and no dues certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating.*

*** Infomerics has reaffirmed and withdrawn the ratings for this facility on the basis of request by the company, and no objection certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating.*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.



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Detailed Rationale

Infomerics has reaffirmed the ratings to the bank facilities of NIPL continues to derive strength from strong brand presence and pan-India reach, stable operating income and improved gross profitability, moderate capital structure, diversified product profile with focus on core products to strengthen revenue base and experienced promoters with established track record in the business. The rating strengths are, however, working capital intensive nature of operation, Susceptibility to fluctuations in raw material prices and Competition from the other established players.

The Stable Outlook reflects expected growth in revenue with stable profitability with expectations of moderate capital structure and debt protection metrics over FY25-FY27.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability while maintaining current debt protection metrics on a sustained basis.
- Improvement in working capital cycle while maintaining the current credit profile.

Downward Factors

- Sustained decline in revenue and profitability and/or deterioration in working capital cycle and/or any unplanned debt fund led capex leading to deterioration in credit profile and the liquidity position.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Strong brand presence and pan-India reach

NEPL has a strong brand recognition and market standing across India, particularly in the northern regions. NEPL has a robust distribution network, with a sales force that covers over 630,000 outlets across the country. NEPL is the leading domestic player in the processed food category and has also successfully expanded into international markets, ensuring effective market penetration and brand recognition globally



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Diversified product profile with focus on core products to strengthen revenue base

NEPL has a diversified product profile that includes pickles, Indian spices, western spices, tooty-fruity, sauces, chutneys, soya chunk, breakfast cereals, vermicelli, macaroni, pasta, tomato ketchup, jams, cooking pastes culinary and among others. Such a diversified product profile ensures minimal susceptibility of the company's operations to product-specific risks. NEPL has started focusing on 4-5 products such as Pickles, Ginger garlic, sauces and spices instead of 10-15 other products and sell this product to particular states which has more demand to strengthen revenue base.

Stable operating income

In FY24 (period refers from April 01st, 2023 to March 31st, 2024), NEPL's total operating income has improved by ~10% on year-on-year basis to Rs.400.53 crore, this growth in TOI led by increase in volume with stable demand in the domestic as well international market. Further, NEPL has achieved a revenue of Rs.330 crore during 9MFY25 (9MFY24: Rs.289.98 crore). However, revenue will improve further in FY25 to FY28 with gradual pace as NEPL has started focusing on 4-5 products which has more demand.

Sustained improvement in gross margins likely to improve further

In FY24, EBITDA margins improved to 6.80%, (FY23: 3.33%) driven by focus on high margin products and key states which resulting in lower distribution cost. Additionally, implementation of stand-alone modern trade as well as Q-commerce and E-commerce trade which gives best SKU (stock keeping unit) and faster product turnaround. Further NEPL has sustained its EBITDA margin in 9MFY25 to 7.38%. The PAT margins stood at 0.30% in FY24 (FY23: negative 1.59%), this marginal improvement is due to higher EBITDA as compared to preceding year. Infomerics are expecting EBITDA margins to improve further through FY25-FY28 due to stable demand and strategic changes made by the NEPL.

Moderate Capital Structure

NEPL's tangible net worth has increased to Rs.122.98 crore in FY24, (FY23: Rs.121.77 crore) due to stable accretion of profits to reserves. Total debt of NEPL stood at Rs.117.63 crore in FY24 out of which Rs.32.96 crore is long term debt and balance debt is from working capital limits. The capital structure as indicated by overall gearing ratio and TOL/TNW has remained



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stable at 0.96 and 1.57x respectively at the end of FY24 (FY23: 0.73x and 1.32x respectively) due to availment of long-term debt during FY24. Infomerics expects gearing to improve further from FY25 onwards with expected improvement in profitability and in the absence of debt led capex plans.

Experienced promoters with established track record in the business

NEPL's promoters have relevant and vast experience respectively in food processing industry. The longstanding track record of the NEPL with experience of the management has also resulted in established its brand and relationship with customers resulting in repeat orders

B. Key Rating Weaknesses

Working capital intensive nature of business

NEPL's net operating cycle remained moderate at 78 days at the end of FY24, mainly on account of high inventory days of 97 days, as the NEPL needs to maintain inventory to meet the needs of its diverse customer base, which includes super stockiest, wholesale, and dealer segments and also NEPL undertakes seasonal procurement of raw materials, which results in high inventory level, whereas creditors days stood comfortable at 49. This helps the NEPL for its working capital mismatches.

Susceptibility to fluctuations in raw material prices

The major raw materials for NEPL consist of sugar, dry red chili, green mango, mustard oil maida required in their major products like sauces and pickles which comprises 63% of total revenue from operations for FY24 Provisional. The prices of these raw materials are fluctuating because of the seasonal availability of sugar and chillies coupled with other factors like irregularity of climatic condition to unpredictable yields, etc.

Competition from the other established players

NEPL faces competition from the other players with well established brands and companies. These competitors are well-known brands with higher PAN-India market penetration coupled with wide variety of products.

Analytical Approach: Standalone



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Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of Ratings](#)

Liquidity: Stretched

NEPL's liquidity remained stretched in FY2025 reflected by 92% utilisation of working capital limits during the past 12 months ended as on February 28th, 2025, NEPL's current ratio stood at 1x as of March 31st, 2025 (FY24: 0.91x); while quick ratio remains moderate and at 0.40x. Cash and cash equivalent of Rs.1.86 crore as of March 31st, 2024. Cash flow from operations also stood negative at Rs.13.80 crore at the end of FY24.

About the company

NEPL incorporated in 1977 by Mr. Shri Suresh B. Sanghavi and involved in the business of manufacturing of FMCG products such as pickles, Indian spices, western spices, tooty-fruity, sauces, chutneys, soya chunk, breakfast cereals, vermicelli, macaroni, pasta, tomato ketchup, jams, cooking pastes & culinary, ready to cook, ready to eat and bakery products, etc. Nilon's has a very wide range of quality products with global flavours and a local twist. NEPL sells its product under the brand name of 'Nilons'. NEPL has a strong distribution network in the domestic market, reaching over 630,000 outlets across India.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	364.20	400.53
EBITDA	12.13	27.22
PAT	(5.80)	1.21
Total Debt	89.27	117.63
Tangible Net Worth	121.77	122.98
EBITDA Margin (%)	3.33	6.80
PAT Margin (%)	(1.59)	0.30
Overall Gearing Ratio (x)	0.73	0.96
Interest Coverage (x)	1.53	1.95

*Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: The rating continues to remain under ISSUER NOT COOPERATING category from CRISIL Ratings as per press release dated June 24, 2024, respectively due to unavailability of information for monitoring of rating.

Any other information: Nil

Rating History for last three years:

S r. N o	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s)) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022- 23
					June 04, 2024		--
1.	Long term Bank Facilities	Long term	120.05	IVR BBB-/ Stable	IVR BBB-/ Stable	--	--
2.	Short term Bank Facilities	Short term	0.30	IVR A3	IVR A3	--	--
3.	Long term Bank Facilities	Long term	0.00*	-	IVR BBB-/ Stable	--	--
4.	Long term Bank Facilities – Term loan	Long term	0.00**	IVR BBB-/ Stable; Withdrawn	IVR BBB-/ Stable	--	--

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals



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for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – GECL	--	--	October 31 st , 2027	3.00	IVR BBB-/ Stable
Long Term Bank Facilities – GECL	--	--	October 31 st , 2027	2.72	IVR BBB-/ Stable
Long Term Bank Facilities – GECL	--	--	October 31 st , 2027	2.04	IVR BBB-/ Stable
Long Term Bank Facilities – GECL	--	--	September 30 th , 2028	2.29	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan	--	--	July 15 th , 2031	45.00	IVR BBB-/ Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	--	--	Revolving	17.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	13.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	10.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	25.00	IVR BBB-/ Stable
Short Term Bank Facilities – Loan Equivalent Risk	--	--	--	0.30	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Nilons-Enterprises-12may25.pdf>

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

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.