



Press Release

Jodas Expoim Private Limited (JEPL)

July 29, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term/Short Term Bank Facilities**	49.00	IVR BBB/Stable (IVR Triple B with stable outlook); IVR A3+ (IVR Single A Three plus)	--	Assigned	Simple
Long Term Bank Facilities	1.00	IVR BBB/Stable (IVR Triple B with stable outlook)	--	Assigned	Simple
Long Term Bank Facilities - Proposed	75.00	IVR BBB/Stable (IVR Triple B with stable outlook)	--	Assigned	Simple
Long Term/Short Term Bank Facilities*	24.00	IVR BBB/Stable (IVR Triple B with stable outlook); IVR A3+ (IVR Single A Three plus)	--	Assigned	Simple
Short Term Bank Facilities	1.00	IVR A3+ (IVR Single A Three plus)	--	Assigned	Simple
Total	150.00 (Rs. One Hundred and Fifty Crore only)				

**Term Loan includes the sublimit of FCTL (Foreign Currency Term Loan) of Rs. 39.00 Crore, and Letter of Credit of Rs. 49.00 Crore.

*Packing Credit includes the sublimit of FDBP (Foreign Documentary Bills Purchase) of Rs. 24.00 Crore, Cash Credit of Rs. 10.00 Crore, Import Letter of Credit of Rs. 10.00 Crore, Inland Letter of Credit of Rs. 3.50 Crore and Letter of Guarantee of Rs. 10.00 Crore.

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

Detailed Rationale

Infomerics Ratings has assigned its rating to the Bank facilities of JEPL derives strengths from strong operating profile, comfortable capital structure, established track record and extensive experience of the promoters. However, these rating strengths are partially constraint by projection execution risk, working capital intensive nature of business, geographic



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concentration risk vulnerability to change in government/regulatory policies, and foreign exchange fluctuation risks.

The outlook is “Stable” on account of expected strong operating profile and capital structure over FY25-FY27.

Key Rating Sensitivities:

Upward Factors

- Completion of capacity additions without any time and cost overrun and achievement of revenue and profitability while attaining geographical diversification.
- Improvement in working capital cycle while maintaining current credit profile and the liquidity.

Downward Factors

- Any time or cost overrun in current capex plans and/or any declined in revenue and profitability and/or any further elongation of working capital cycle leading to deterioration in credit profile and the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong Operating Profile:

Revenue has increased by ~18% on Y-O-Y basis to Rs. 535.83 crore in FY24(P) (Refers to period: 01st April 2023 to 31st March 2024) led by higher volume of contrast media and anti-fungal products. Infomerics expects JEPL's revenue to increase further through FY25-FY27 with benefits of additional capacities on account of capacity expansion and diversification into biotechnology,

JEPL's EBITDA margins remained comfortable and at 24.07% in FY24(P) (FY23: 23.55%) with stable raw material cost and operating expenses. Further PAT margins remained strong at 16.63% in FY24 (FY23:15.01%) with lower interest expenses and stable EBITDA margins. Infomerics expects profitability is expected to remain strong with strong revenue growth and stable operating cost.



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Strong Capital Structure and Credit Profile:

JEPL has strong capital structure with net worth of Rs. Rs. 526.17 crore in as on March 31, 2024 (March 31, 2023: Rs.435 crore), net worth has increased due to accretion of profits. The capital structure of JEPL marked by overall gearing and TOL/TNW has improved and stood comfortable at 0.08x and 0.22x as on March 31, 2024, respectively, due to decline in the short-term debt (March 31, 2023: 0.11x and 0.47x). Infomerics expects overall gearing is expected to increase marginally though expected to remain comfortable during FY25 due to debt led capex.

Debt protection metrics remained strong and improved significantly with interest coverage ratio at 87.35x in FY24(P) on account of minimal interest expenses against strong EBITDA (FY23: 48.05x) and debt to NCA has improved at 0.38x in FY24(P) due to increase in the gross cash accruals (FY23: 0.60x). The DSCR also remained strong and stood at 72.60x in FY24(P) as against 38.47x in FY23.

Expected geographical diversification

The JEPL is targeting to enter the domestic market through the B2C and B2B customers. As of now the domestic market's share contribute only 5.37% in the total revenue but in FY25 they are targeting to slowly capture the domestic market. The B2C market will include hospitals and pharmacy while B2B will include the distributor and wholesaler.

Strong Presence and further expansion across globe:

JEPLs exports contributes to more than 95% of its total operating income with majority of its revenue from Russia with around 65%. However, as a strategic move, the management is planning to reduce these exports to Russia to mere 20% in the coming years which will be offset by introduction in the markets of Europe, Middle East, Russia, South Africa, Latin America, and America. Off late, JEPL has established a wholly owned subsidiary in Europe wherein the products are provided on contract manufacturing and product licensing basis.



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Established track record and extensive experience of the promoters:

JEPL is promoted by Dr. Jyoti Loomba, Mr. Shashi Shanker Parsad Singh and Mr. Satyendra Kumar Singh are having more than two decades of experience in the pharmaceutical business in various capacities. Further, the firm started its operations in 2009 implying more than a decade long operational track record. The firm manufactures pharma products under four major therapeutic segments namely – anti infectives, oncology, contrast media, and cephalosporin.

Key Rating Weaknesses

Projection execution risk

JEPL is incurring capex of Rs.188 crore to establish Bio-Pharma manufacturing facility funded through debt of Rs.49.00 crore and balance through internal accruals. JEPL has already completed financial closure for its term loan and balance through internal accruals. Till 30th June 24, JEPL has incurred cost of Rs.43.70 crore and balance are expected to be incurred by mid-August 24 as JEPL has already placed order for machineries and machineries are expected to arrive at the facility by mid-August 24. The trial is expected to start from October 24. Infomerics notes that any time or cost overrun may impact its projected revenue or growth.

Elongated Working Capital Cycle:

Pharma manufacturing operations are working capital intensive in nature marked by high inventory holding require procuring raw materials for manufacturing variety of products simultaneously. However, JEPL's operations are also affected due to its high collection period, which further elongates the operating cycle. Consequently, the operating cycle remained elongated to 221 days in FY24(P) from 190 days in FY23. The supply chain was also affected due to transit time taken by shipments and the costs incurred by the company.

High Geographic Concentration Risk, expected to improve from FY25 onwards:

JEPL exposed to geographic concentration risk as majority of the revenue are earned from single region i.e. Russia, however exposure to Russia has been reduced to 69.55% in FY24 (P) as compared to 94.51% in FY23. As per management, JEPL is expanding its geographies and further concentrating on domestic market to reduce geographical concentration and risks attached to it.



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Vulnerability to change in government/regulatory policies:

The pharmaceutical industry is highly regulated, and hence, any adverse change in government/regulatory policies can impact the business risk profile of the company. Moreover, JEPL caters to the highly regulated markets in several countries which require regulatory certificates for functioning. Currently, JEPL is approved by the 9 regulatory bodies including EU-GMP, Russia-GMP, PIC/s, UAE and SFDA. which are reviewed on periodic basis by the regulatory authorities. Any suspension of these certifications can impact the export to these regulated markets.

Foreign Exchange Fluctuation risks:

JEPL is exposed to foreign exchange fluctuation risk, as exports accounts for 93.04% of the FY24(P) revenue. However, the company hedges its foreign exchange exposure by a forward contract, which mitigates the fluctuation risk to an extent.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Default Recognition and post default curing period](#)

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

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

Liquidity – Adequate

The liquidity profile of JEPL remains adequate with cash and cash equivalents of Rs. 64.91 crore as on June 30, 2024, and gross cash accruals of Rs. 105.71 crore in FY24(P), JEPL's gross cash accruals are expected to be remain in the range of Rs. 183.36 crore to Rs. 524.83 crore through FY25 – FY27 as against the repayment of Rs. 2.40 crore in FY26 and Rs. 3.40 crore in FY27. Average packing credit utilisation for last twelve months ended May 24 remained moderate and at 65.86%. The current ratio and quick ratio remained comfortable at



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4.75x and 3.97x as on March 31, 2024, as against 2.64x and 2.55x as on March 31, 2023. The DSCR remained strong and stood at 72.60x in FY24(P) as against 38.47x in FY23.

About the Company

Incorporated in 2006, JEPL is engaged in manufacturing and sale of pharmaceutical formulations under four major therapeutic segments namely - anti infectives, oncology, contrast media and cephalosporin. The manufacturing facility is in Medak, Telangana. The facility is approved by Russia-GMP and EU-GMP. JEPL sells to the institutional buyers which includes hospitals, healthcare institutions and government bodies.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	455.47	535.83
EBITDA	107.26	128.97
PAT	69.05	90.55
Total Debt	50.02	40.05
Tangible Net Worth	435.00	526.17
EBITDA Margin (%)	23.55	24.07
PAT Margin (%)	15.01	16.63
Overall Gearing Ratio (x)	0.11	0.08
Interest Coverage (x)	48.05	87.35

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information:

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned
1.	Term Loan**	Long Term/Short Term	49.00	IVR BBB/Stable; IVR A3+	--	--	--
2.	Cash Credit	Long Term	1.00	IVR BBB/Stable	--	--	--



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned
3.	Packing Credit**	Short Term/Long Term	24.00	IVR A3+; IVR BBB/Stable	--	--	--
4.	Credit Exposure Limit	Short Term	1.00	IVR A3+	--	--	--
5.	Proposed – Cash Credit	Long Term	75.00	IVR BBB/Stable	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals 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.



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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: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Term Loan**	--	--	--	2033	49.00	IVR BBB/Stable; IVR A3+
Cash Credit	--	--	--	Revolving	1.00	IVR BBB/Stable
Packing Credit*	--	--	--	--	24.00	IVR A3+; IVR BBB/Stable
Credit Exposure Limit	--	--	--	--	1.00	IVR A3+
Proposed – Cash Credit	--	--	--	--	75.00	IVR BBB/Stable

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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Jodas-Expoim-29july24.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

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.

