



## Press Release

### Immaculate Agro Spices Private Limited

January 01, 2024

#### Ratings

Instrument/ Facility	Amount (Rs. Crore)	Rating	Rating Action	<a href="#">Complexity Indicator</a>
Short Term Bank Facilities	22.00 (Enhanced from Rs.2.85 crore)	IVR A4 (IVR A Four)	Reaffirmed and removed from ISSUER NOT COOPERATING category	Simple
<b>Total</b>	<b>22.00</b> <b>(Rs. Twenty-two crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

Earlier Infomerics Ratings had moved the ratings of Immaculate Agro Spices Private Limited (IASPL) into Issuer Not Cooperating category vide its press release dated April 20, 2023, due to non-submission of information required for detailed review of the company. However, the company has started cooperating and submitted required information. Consequently, Infomerics Ratings has removed the rating from 'ISSUER NOT COOPERATING' category and reaffirmed the ratings.

The reaffirmation of the ratings assigned to the bank facilities of IASPL considers extensive experience of the promoters in the spice trading business and growth in scale of operations of the Kanjiravelil group during the last three fiscal years ended FY2023. The rating also notes the comfortable capital structure of the Kanjiravelil Group. However, these rating strengths are constrained by delay in servicing of debt obligations in one of the Group entities – Genuine Agro Spices (Partnership) as confirmed by one of its lenders, thin profit margins and exposure to intense competition & agro-climatic risk.

#### Rating Sensitivities

##### Upward factors

- Substantial and sustained growth in operating income and profitability resulting in improvement in debt coverage indicators.
- Improvement in the capital structure
- Improvement in liquidity with timely debt servicing for three consecutive months in group entities

##### Downward Factors



## Press Release

- Any decline in scale of operation and/or profitability leading to deterioration of debt protection metrics.
- Moderation in the capital structure with moderation in overall gearing to over 2x

### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### **Extensive experience of the promoters in spice trading business**

Kanjiravelil Group is based out of Kerala and is engaged in processing and trading of spices, primarily nutmeg. The group is promoted by Mr. Jenny Varghese along with his brother Mr. Jinu Varghese. The promoters of the group have been engaged in the spice trading business for over two decades and have an extensive operational track record in processing and trading of spices.

##### **Growth in scale of operations**

TOI increased at a CAGR of ~49% during FY2020-FY2023 with a y-o-y growth of ~48% from Rs.1149.22 crore in FY2022 to Rs.1700.13 crore in FY2023 driven by increase in demand for the products traded by the group primarily nutmeg.

##### **Comfortable capital structure**

The capital structure of the group improved with long term debt equity ratio and overall gearing at 0.12x and 1.05x respectively as on March 31, 2023, as against 0.23x and 1.12x respectively as on March 31, 2022 (considering subordinated unsecured loan from promoters and relatives to the tune of Rs.47.70 crore as on March 31, 2023, as quasi equity).

#### **Key Rating Weaknesses**

##### **Delay in debt servicing in Genuine Agro Spices**

Genuine Agro Spices which is a part of Kanjiravelil Group has delay in its debt servicing in November 2023 as confirmed by one of the lenders of the firm. The said lender has confirmed that there has been a delay of more than 60 days in November 2023 in repayment of export credit limits. Further, the lender has also confirmed that there is no overdue as on December 26, 2023.

##### **Thin profitability**

The profitability of the group remained thin over the years due to its low value additive trading nature of operations. Despite the increase in top line, operating margin has remained thin and continuously moderated from 2.18% in FY2021 to 1.89% in FY2022 and subsequently to 1.57% in FY2023.

##### **Exposure to agro-climatic risk and intense competition in the industry**



## Press Release

Spices being an agro product is exposed to different climatic conditions with high correlation to timely and adequate monsoon. Further, production may be impacted by pests or crop infection leading to higher unpredictability in production and pricing of agro commodities and derived products. Hence, the business is exposed to risk of timely availability of its key raw materials. Further, the group faces intense competition from various small and medium processing units in the region due to less product differentiation and low entry barriers.

### **Analytical Approach:** Combined

For arriving at the ratings, INFOMERICS analytical team has combined the financials of Genuine Agro Spices (Proprietorship), Genuine Agro Spices (Partnership), Kanjiravelil Traders, Immaculate Agro Spices Pvt Ltd., Kan Agro Spices, Kanjiravelil Traders Pvt Ltd., and Genuine Spices, commonly referred as Kanjiravelil Group hereafter as these entities have a common management team and have operational & financial linkages between the entities. Further, Immaculate Agro Spices Private Limited has provided corporate guarantee for a loan availed by Kanjiravelil Traders Pvt Ltd. The list of entities is given in Annexure 2.

### **Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria for Rating Outlook](#)

[Policy of default recognition](#)

[Consolidation of companies](#)

### **Liquidity: Poor**

The liquidity of the group is expected to remain stretched marked by high average working capital utilization. Further, the group has tightly matched expected gross cash accruals as compared to its debt repayment obligations during FY24-FY26.

### **About the Group**

Kanjiravelil Group consists of seven entities - Genuine Agro Spices (Proprietorship), Genuine Agro Spices (Partnership), Kanjiravelil Traders, Immaculate Agro Spices Pvt Ltd., Kan Agro Spices, Kanjiravelil Traders Pvt Ltd., and Genuine Spices. All these entities are located in Kochi, Kerala. These entities were formed specifically for the purpose of cultivating, sourcing, storing, processing, trading & exporting of agriculture produce. The Kanjiravelil Group has its major share of revenue coming from processing and sales of nutmeg. Other than nutmeg the group also deals with Cardamom, Pepper, Ginger, Black Pepper, Green Pepper, Turmeric, etc. The group procures the spices from farmers and dealers within Kerala and supplies to



## Press Release

various customers across India. The spices are initially sorted as per quality and then dried for few days to make these spices a marketable product. The group currently has seven collection centres, eight godowns and thirteen processing centres across Kerala.

### **About the Company**

Incorporated in January 23, 2017, Immaculate Agro Spices Private Limited is engaged in processing and trading of spices.

### **Financials (Combined):**

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Combined	Combined
Total Operating Income	1149.22	1700.13
EBITDA	21.77	26.72
PAT	3.16	4.46
Total Debt	181.58	230.22
Tangible Net worth (including quasi equity)	162.05	219.57
EBITDA Margin (%)	1.89	1.57
PAT Margin (%)	0.28	0.26
Overall Gearing Ratio (x)	1.12	1.05

*\*Classification as per Infomerics' standards*

### **Financials (Standalone):**

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	113.90	158.85
EBITDA	2.33	2.58
PAT	0.41	0.56
Total Debt	14.61	22.11
Tangible Net worth (including quasi equity)	6.32	16.46
EBITDA Margin (%)	2.04	1.63
PAT Margin (%)	0.36	0.35
Overall Gearing Ratio (x)	2.31	1.34

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

**Rating History for last three years:**



## Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
					April 20, 2023	-	January 29, 2022	December 03, 2020
1	Overdraft	Short Term	22.00 (Enhanced from Rs.2.85 crore)	IVR A4	IVR A4 ISSUER NOT COOPERATING*	-	IVR A4 (ISSUER NOT COOPERATING)	IVR A4+

\*Issuer did not cooperate; based on best available information

### Name and Contact Details of the Rating Analyst:

Name: Harshita Gupta Tel: (033)- 46022266 Email: <a href="mailto:hdidwania@infomerics.com">hdidwania@infomerics.com</a>	Name: Avik Podder Tel: (033)- 46022266 Email: <a href="mailto:apodder@infomerics.com">apodder@infomerics.com</a>
---	--

### 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.

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

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy,





## Press Release

hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Overdraft	-	-	-	22.00 (Enhanced from Rs.2.85 crore)	IVR A4

### Annexure 2: List of companies considered for consolidated analysis:

Name of the entity	Consolidation Approach
Genuine Agro Spices (Proprietorship)	Full consolidation
Genuine Agro Spices (Partnership)	Full consolidation
Kanjiravelil Traders (Proprietorship)	Full consolidation
Immaculate Agro Spices Pvt Ltd.	Full consolidation
Kan Agro Spices (Partnership)	Full consolidation
Kanjiravelil Traders Pvt Ltd.	Full consolidation
Genuine Spices (Partnership)	Full consolidation

### Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Immaculate-jan24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** 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](http://www.infomerics.com).