



Press Release

Jasmer Foods Private Limited

August 2, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	5.00 (Five crore only)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	-	Assigned	Simple
Short Term Bank Facility	38.00 (Thirty eight crore only)	IVR A3 (IVR A three)	-	Assigned	Simple
Total	43.00 (INR Forty three crore only)		-		

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

The ratings assigned to bank facilities of Jasmer Foods Private Limited (JFPL) considers extensive experience of the promoters and established track record of operations, consistent increase in topline and profits, satisfactory capital structure and coverage indicators and steady demand outlook for rice. The ratings are, however, constrained by the company's elongated working capital cycle, susceptibility to agro climatic risk, regulatory risk and forex fluctuation risk and intense competition in domestic and export market.

Key Rating Sensitivities:

Upward Factors

- Sustained revenue growth coupled with improvement in profitability on a sustained basis
- Growth in cash accruals and improvement in working capital management
- Improvement in capital structure

Downward Factors

- Any decline in revenue and profit margin on a sustained basis
- Deterioration in debt protection metrics and capital structure ratios.
- Withdrawal of subordinated unsecured loans and/or moderation in the capital structure with deterioration in overall gearing
- Further elongation of working capital cycle



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters and established track record of operations**

Jasmer Foods Private Limited was incorporated in March 1989 is promoted by Sh. Jatinder Singh, Sh. Jagdeep Singh, Sh. Ravinder Singh, Smt Nimrat Kaur and Smt Kudrat Kaur, who all are family members. Promoters is involved in this business of sorting and grading of rice on job work basis since 2010. Hence, the management of the company have experience in rice industry for almost two decades. This long track record of operations and experience of management has helped the company to develop a healthy relationship with its customers and suppliers and will continue to support the business over the medium term.

- **Consistent increase in topline and profits**

JFPL has registered a growth of total operating income of Rs. 328.27 crore in FY24 (prov) (refers to period April 1, 2023, to March 31, 2024) as compared to Rs. 140.70 crore in FY23 (refers to period April 1, 2022, to March 31, 2023) and Rs. 64.36 crore in FY22 (refers to period April 1, 2021, to March 31, 2022). Thus, TOI increased 118.63% y-o-y in FY23 and 133.31% y-o-y in FY24 (prov). Led by an increase in topline, EBITDA of the company increased by 113.05% y-o-y in FY24 (prov) to Rs. 23.11 crore and 56.23% y-o-y in FY23 to Rs. 10.85 crore. Likewise PAT also increased by 168.01% y-o-y to Rs. 12.18 crore in FY24 (prov) and by 162.04% y-o-y in FY23. Going forward Infomerics expects a sustained increase in the company's topline and profit.

- **Satisfactory capital structure and coverage indicators**

The adjusted tangible net-worth was Rs. 48.02 crore as on March 31, 2024 (prov), which increased from Rs. 35.84 as on March 31, 2023, and Rs. 29.79 as on March 31, 2022. The net worth includes Rs. 16.67 crore of unsecured loan treated as quasi equity. The growth in net worth is on account of accruals of profit to the reserves of the company. Total debt increased to Rs. 74.25 crore as on March 31, 2024 from Rs.55.38 crore as on March 31, 2023, due to increase in working capital borrowings. The overall gearing ratio remain constant to 1.55 times as on March 31, 2024 (prov) and March 31, 2023. Total Debt/ EBITDA improved



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to 3.21 times as on March 31, 2024 (prov) (5.10 times in FY23) due to increase in EBITDA. The debt protection metrics of the company remains moderate with interest coverage ratio of 3.01 times and debt service coverage of 2.29 times as on March 31, 2024 (prov).

- **Steady demand outlook for rice**

India has been the top exporter in global rice trade, accounting for more than 20% of the export in the last few years. Basmati is premium product which is produced in India and Pakistan due to favourable climate. Due to its exclusivity Basmati has no substitutes. With the increasing demand for rice globally, the exports are increasing from India. India being the second largest producer of rice holds a key position in the rice export market and the Indian rice exporters like the JFPL is expected to benefit further.

Key Rating Weaknesses

- **Elongated working capital cycle**

The operating cycle of the company remained high at 105 days in FY24 (prov), however the same moderated compared with 177 days in FY23 (293 days in FY22). The improvement in operating cycle was due to increase in creditors days to 28 days (21 days in FY23) and decline in inventory days and collection period to 80 days and 53 days in FY24 (prov), respectively (127 days and 71 days in FY23 respectively). The payment is recovered from the clients on an average of 90-145 days from the date of order, to when the shipment reaches the export country. Infomerics notes that any further elongation in working capital cycle will be a key rating factor.

- **Susceptibility to agro climatic risk, regulatory risk and forex fluctuation risk**

The company is primarily focused on exporting of Basmati rice to Middle East countries such as Saudi Arabia and Dubai along with African countries and UK. As a result, the company's revenue profile is exposed to regulatory risk arising from changes in other countries' procurement policies. Further, profitability is susceptible to government policies such as minimum support prices in the domestic market. Increase in minimum support price coupled with any adverse movement in forex rates can impact the price competitiveness vis-a-vis other rice exporting countries. Availability of paddy depends on the monsoon this could lead to



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shortage of paddy, because of a weak monsoon or crop rotation. Thus, the volatility in prices is an inherent risk for the company that can affect its revenue and profitability profile.

- **Intense competition in domestic and export market**

The company operates in an intensely competitive and fragmented rice milling industry, which limits its pricing flexibility. As India's climate supports production of Basmati, there are many organised and unorganised players in the market. Low entry barriers make operations vulnerable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition](#)

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

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

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by adequate cushion in expected accruals of as against its debt repayment obligations during FY25-FY27. However, with ~89% average fund-based capital utilisation of the company during the past 12 months ended June 2024 indicating limited liquidity buffer. Absence of any debt funded capex provides further comfort to the liquidity position.

About the company

Jasmer Foods Private Limited established in the year 1989 is engaged in milling, sorting and grading of basmati rice. The company is promoted by Sh. Jatinder Singh, Sh. Jagdeep Singh, Sh. Ravinder Singh, Smt Nimrat Kaur and Smt Kudrat Kaur, who all are family members. Promoters is involved in this business of sorting and grading of rice on job work basis since 2010. Hence, the management of the company have experience in rice industry for almost two decades. Its milling plant has the capacity of 12MTPH and its 4 grading and sorting plant has the capacity of 6MTPH and 10 MTPH each for the other three plant. The company mainly exports rice to are United Arab Emirates (UAE), Oman, Italy, Singapore, Egypt, South Africa,



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Palestine, Dubai, Israel, Thailand, Saudi, Germany, Kuwait, Iraq, etc. It has also recently started domestic sales in FY23. Their established Rice Brand is “Jasmer”, “Royal Himalayan” and “Royal King”

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	140.70	328.27
EBITDA	10.85	23.11
PAT	4.55	12.18
Total Debt	55.38	74.25
Tangible Net Worth (adjusted)	35.84	48.02
EBITDA Margin (%)	7.71	7.04
PAT Margin (%)	3.23	3.71
Overall Gearing Ratio (x)	1.55	1.55
Interest Coverage (x)	3.03	3.01

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024- 2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Cash Credit	Long Term	5.00	IVR BBB-/ Stable	-	-	-
2.	EPC	Short Term	38.00	IVR A3	-	-	-

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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.

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: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	5.00	IVR BBB-/ Stable
EPC	-	-	-	-	38.00	IVR A3



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-JasmerFoods-aug24.pdf>

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

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for Combined analysis: NA

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.