



## Press Release

### Midas Agrofoods Limited (MAL)

**May 12, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long Term Instruments/Facilities	19.50	IVR BBB/ Stable (IVR Triple B with Stable outlook)	-	Rating Assigned	Simple
Short Term Instruments/Facilities	91.48	IVR A3+ (IVR Single A Three Plus)	-	Rating Assigned	Simple
<b>Total</b>	<b>110.98</b>	<b>(Rupees One Hundred Ten crores and Ninety- Eight lakhs only)</b>			

**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 assigned to the Bank facilities of MAL as it derives comfort from overall improvement in revenue and profitability margins, strong hedging mechanism, comfortable capital structure and moderate debt protection metrics backed by experienced promoters and established track record of operations. The ratings are partially offset due to intense competition in the industry, highly fragmented and cyclical nature of the industry and working capital intensive nature of operations.

The 'stable' outlook on the rating reflects the sustained demand for the products which is expected to maintain a stable revenue stream.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Sustained improvement in revenue and profitability while maintaining the debt protection metrics, and improvement in liquidity profile of the company.



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### **Downward Factors**

- Any significant decline in revenue and/or profitability leading to deterioration in debt protection metrics

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

#### **Key Rating Strengths**

##### **Improving revenue and profitability margins:**

MALs operating revenue improved by ~15% on y-o-y basis to Rs. 474.89 crores as per provisional FY25 (P) (period refers from 01<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025) as against Rs. 412.99 crore in FY24 (refers to period March 31, 2023, to March 31, 2024) from Rs. 295.05 crore in FY23. This revenue growth is due to higher demand of basmati rice in the international market as India, one of the largest exporters of rice had banned non-basmati rice exports during FY24 and part of FY25. The EBITDA and PAT margin also improved to 5.82% and 2.54% in FY25 (P) as against 3.72% and 1.26% in FY24 due to higher proportion of exports which have more margins as compared to domestic sales.

##### **Strong hedging mechanism of the firm:**

MAL generates about 60% - 70% of its revenue from exports and has a strong hedging mechanism in place to mitigate forex fluctuation risk. It covers its entire export exposure against forward cover limits. Further the promoter's and finance team closely monitor the demand-supply scenario on domestic and export level to price the respective order accordingly. Further the unhedged foreign currency exposure stood NIL as of December 2024.

##### **Comfortable capital structure and moderate debt protection metrics:**

The capital structure of the company remained comfortable with adjusted net worth of Rs.81.27 crore as 31st March 2025(P). Promoters have infused funds through subordinated unsecured loans of Rs. 25.00 crore during FY25. The Overall gearing as well as TOL/ATNW improved to 1.57x and 2.07x respectively as on March 31, 2025(P), (31<sup>st</sup> March 2023: 2.11x and 2.88x) due to improvement in net worth. The debt protection metrics stood comfortable marked by interest coverage ratio at 2.39x as on March 31, 2025, and Debt Service Coverage Ratio at 1.63x as on March 31, 2025(P).



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### **Experienced promoters and established track record of operations:**

MAL was promoted by Mr. Kewal Garg in 2000. The promoter has a rich experience of three decades in the rice industry. Presently the company is managed by Mr. Raghav Garg and Mr. Lakhan Garg as directors. With the decades of experience of the promoters in the rice industry that has established relations with suppliers and customers have ensured the continuous growth in operating income and margins.

### **Key Rating Weaknesses**

#### **Intense competition in the industry:**

The food processing industry is highly competitive and fragmented with presence of numerous small and medium sized players along with established players as well as low value additive nature of the work which along with fluctuation in prices of seeds limits the profitability of the company.

#### **Highly fragmented and cyclical nature of the industry**

The agro commodity sector is highly fragmented with presence of numerous small players and low entry barriers. The returns in this sector tend to be cyclical due to the inherent nature of agro based industry. Seasonal factors have a direct bearing on crop production and incidence of infestation also affects the demand.

#### **Working Capital intensive nature of operations:**

The company's operations are working capital intensive in nature with net working capital cycle which elongated to 130 days at the end of FY25(P) (FY24:125) due to higher inventory days of 107 in FY25(P) (FY24:113).

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

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

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



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### **Liquidity – Adequate**

The company's liquidity is comfortable marked by 80% average utilisation of fund-based limits during the past 12 months ended February 2025. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 13.21 crore- Rs. 19.90 crore during FY25-27 against minimal debt obligation. The current ratio is at 1.37x as on March 31, 2025(P).

### **About the Company**

Founded by Mr. Kewal Krishan Garg in 2000, MAL specializes in high-quality Basmati, non-basmati, and pesticide-free organic rice, sourced from the fertile fields of Punjab.

MAL mills rice at its unit in Moga, Punjab.

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

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	412.99	474.89
EBITDA	15.35	27.66
PAT	5.19	12.11
Total Debt	116.83	127.20
Tangible Net Worth	55.35	81.27
EBITDA Margin (%)	3.72	5.82
PAT Margin (%)	1.26	2.54
Overall Gearing Ratio (x)	2.11	1.57
Interest Coverage (x)	2.15	2.39

\* Classification as per Infomerics' standards.

### **Status of non-cooperation with previous CRA:**

CRISIL Ratings continues to classify the company under Issuer Not Co-operating category vide PR dated July 12, 2024, due to lack of adequate information.

ICRA Ratings continues to classify the company under Issuer Not Co-operating category vide PR dated July 18, 2024, due to lack of adequate information.

**Any other information:** Nil



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### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
1.	Cash Credit	Long Term	19.50	IVR BBB/ Stable	--	--	--
2.	EPC/ PCFC	Short Term	91.48	IVR A3+	--	--	--

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### About Infomerics:

Infomerics Valuation and Rating 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](http://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
Cash Credit	--	--	--	--	19.50	IVR BBB/ Stable
EPC/ PCFC	--	--	--	--	91.48	IVR A3+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Midas-Agrofoods-12may25.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](http://www.infomerics.com).