

## I.G. International Private Limited

October 23, 2024

| Facilities/Instruments                 | Amount (₹ crore) | Rating <sup>1</sup>         | Rating Action |
|----------------------------------------|------------------|-----------------------------|---------------|
| Long Term Bank Facilities              | 94.50            | CARE BBB-; Stable           | Assigned      |
| Long Term / Short Term Bank Facilities | 5.50             | CARE BBB-; Stable / CARE A3 | Assigned      |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of I.G. International Private Limited (IGIPL) derive comfort from extensive experience of promoters in fresh and exotic fruit industry and diversified customer and supplier base with comprehensive infrastructure network. The ratings further derive comfort from the large-scale operations reporting steady growth in last three financial years and comfortable capital structure and debt coverage indicators.

The above strengths are however offset by low profitability owing to trading nature of operations, exposure of the business to foreign exchange fluctuations and agroclimatic risks and loans and advances granted to group entities.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained improvement in scale of operations with Total Operating Income (TOI) at Rs. 1400 crore along with PBILDT margin at 6% on a sustained basis.

#### Negative factors

- Significant decline in scale of operations with PBILDT margin below 2.5%.
- Any significant incremental loans and advances to group entities which may weaken the financial and liquidity profile of IGIPL.
- Significant debt funded capex deteriorating the overall gearing to more than 0.75x.

#### Analytical approach: Consolidated

The approach for IGIPL is consolidated on account of consideration of subsidiaries and associates of IGIPL, which are into similar line of business and have same management. Out of the subsidiaries and associates, few have 100% shareholding, and few have proportionate shareholding (as mentioned under Annexure-6).

#### Outlook: Stable

Stable outlook reflects that the rated entity is likely to sustain its growth momentum amidst favourable business environment that shall enable it to maintain the envisaged operating performance over the near to medium term.

### Detailed description of the key rating drivers

#### Key strengths

##### Extensive experience of the promoters in the industry

The company's promoter Mr. Gian Chand Arora and his family have more than five decades of experience in the fresh produce industry. This has helped the company have an established global presence and has strengthened their relationships with their customers and suppliers.

##### Diversified customer base and supplier base

The company imports fresh produce from more than 22 countries across the globe and sells it to various wholesalers spread across India. The customer profile is well diversified with Top 10 customers contributing less than 15% to the total revenue. The company has traditionally been an importer of fruits and has a diversified supplier base with top 10 suppliers contributing 20-25% of all the purchases. However, during FY24, the company has purchased all the fruits from the domestic markets.

##### Comprehensive infrastructure network with wide network of cold storage and reefer trucks for storage and distribution of fresh fruits

The company's extensive infrastructure network comprises of 16 cold storages, 2 cold terminals and a fleet of 180 reefer trucks and trailers which are used to distribute fruits to 28 wholesale outlets across India thereby ensuring efficient storage and distribution of fruits.

##### Large-scale operations reporting steady growth in last three financial years

The company's consolidated operating income remained fluctuating during the past three years ending March 31, 2024 wherein the TOI (Total Operating Income) remained in the range of Rs. 1200.61 crore to Rs. 1335.79 crore during FY22 to FY24. The revenue stood at Rs. 1254.41 crore in FY24 vis-à-vis Rs. 1200.61 crore in FY23 reflecting growth of 4.48% y-o-y.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

The growth in revenue is driven by growing demand of its products as well as constant efforts to increase geographical presence and expand customer base.

### **Comfortable financial risk profile marked by comfortable capital structure and debt coverage indicators**

The financial risk profile stood comfortable marked by sizable net worth as compared to debt. The overall gearing stood comfortable at 0.56x as on March 31, 2024 (Prov.) as compared to 1.01x as on March 31, 2023 on account of improvement in net worth base from Rs. 147.41 crore as on Mar 31, 2023 to Rs. 177.57 crore as on March 31, 2024 backed by accretion of profits to reserves coupled with the reduction in debt level given the repayment of term loans. Further the debt protection metrics stood moderate marked by interest coverage of 2.97x and TD/GCA of 2.55x as on March 31, 2024.

### **Key weaknesses**

#### **Low profitability owing to trading nature of operations**

Given the trading nature of operations, the profitability margins is low in the range of 3% to 5%. The PBILDT margin remained steady at 4.61% in FY23 and 4.60% in FY24. In light of the improvement in operating profit, the PAT margin also improved and stood at 2.35% in FY24 vis-à-vis 1.89% in FY23.

#### **Exposure of the business to foreign exchange fluctuations and agroclimatic risks**

The company imports most of fresh produce (more than 90%) and hence, its margin remains exposed to adverse fluctuations in foreign currency. However, from FY20, the company has started to hedge most of its foreign currency exposure (about 90-95%), which has limited the loss in last two fiscals. Besides, since FY23, the company has started sourcing locally thereby reducing the forex fluctuation risk. Going forward, the extent of hedging undertaken on imports will remain a key monitorable. The company's revenue and profitability remain vulnerable to the vagaries of agro-climatic factors such as weather conditions, natural disasters and pests, given that the produce might be impacted in terms of quality and supply. Any disruption in produce in the importing nation will have an adverse impact in terms of supply, thereby impacting the top-line as well as profitability for the year. However, during FY24, the company has purchased all the fruits from the domestic markets in order to protect itself against the depreciation of the rupee, thereby mitigating the risk agroclimatic risk to an extent.

#### **Loans and advances granted to group entities**

The company has given loans and advances to group entities amounting to Rs. 34.71 crore as on March 31st, 2024. There are plans of farming projects in group entities. As indicated by the management the funding requirement of the group entities will largely be met by raising funds at the individual level. CARE Ratings will continue to monitor the development in this regard and any significant additional support extended to group entities, which materially impacts the liquidity profile at IGIP level will remain a key rating sensitivity

#### **Liquidity: Adequate**

The company's overall liquidity profile is adequate, marked by healthy cash accruals of around Rs. 39.00 crore in FY24 and Rs. 44.00 crore in FY25 and undrawn working capital limits (with the average utilisation of 70% to 80% for the past twelve months). The scheduled repayments are also expected to be covered by accruals in the near to medium term. The company has free cash and bank balance of Rs. 28.63 crore as on March 31, 2024 vis-à-vis Rs. 26.49 crore as on March 31, 2023. Net cash flow from operations remained positive at Rs. 40.03 crore in FY24 vis-à-vis Rs. 19.94 crore in FY23. Support to group entities in terms of loss funding or growth capital will remain a key rating sensitivity for its liquidity profile going forward.

### **Applicable criteria**

[Policy on default recognition](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial ratios - Non-Financial Sector](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating Methodology – Wholesale Trading](#)

[Short Term Instruments](#)

[Consolidation](#)

### **About the company and industry**

#### **Industry Classification**

| Macro Economic Indicator   | Sector                     | Industry      | Basic Industry      |
|----------------------------|----------------------------|---------------|---------------------|
| Fast Moving Consumer Goods | Fast Moving Consumer Goods | Food Products | Other Food Products |

Established in 1970 by Mr. Gianchand Arora, I.G. International Pvt Ltd is engaged in the trading of imported fruits and has its own infrastructure of cold storage facilities, reefer trucks across India. Mr. Gianchand Arora is strongly supported by his two sons: Mr. Sanjay Arora, director of marketing and sales and Mr. Tarun Arora, director of finance and operations. The company procures fresh produce from more than 22 countries and has a product portfolio of more than 50 varieties of products. The company has its presence in 27 cities across India with large network of wholesale outlets and sales teams across India. The company is engaged with several global partners and has partnered with major supermarket and hypermarket chains in

India such as Big Bazaar, Reliance fresh, Hyper City and is also engaged in online partnerships with Amazon, Grofers, Big Basket.

#### Consolidated

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (Prov.) |
|----------------------------|--------------------|--------------------|------------------------|
| Total operating income     | 1335.79            | 1200.61            | 1254.41                |
| PBILDT                     | 50.82              | 48.42              | 50.69                  |
| PAT                        | 20.03              | 22.63              | 29.45                  |
| Overall gearing (times)    | 1.06               | 1.01               | 0.61                   |
| Interest coverage (times)  | 5.78               | 4.68               | 4.09                   |

A: Audited; Prov.: Provisional; Note: 'the above results are latest financial results available'.

#### Standalone

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (Prov.) |
|----------------------------|--------------------|--------------------|------------------------|
| Total operating income     | 1335.83            | 1192.81            | 1250.60                |
| PBILDT                     | 48.33              | 47.54              | 57.04                  |
| PAT                        | 28.38              | 25.71              | 29.15                  |
| Overall gearing (times)    | 0.77               | 0.91               | 0.60                   |
| Interest coverage (times)  | 7.59               | 5.43               | 6.38                   |

A: Audited; Prov.: Provisional; Note: 'the above results are latest financial results available'.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Disclosure of Interest of Independent/Non-Executive Directors of CARE:** Not applicable

**Disclosure of Interest of Managing Director & CEO:** Not applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Not Applicable

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

| Name of the Instrument             | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Cash Credit        | -    | -                             | -               | -                          | 60.48                       | CARE BBB-; Stable                  |
| Fund-based - LT/ ST-Bank Overdraft | -    | -                             | -               | -                          | 5.50                        | CARE BBB-; Stable / CARE A3        |
| Term Loan-Long Term                | -    | -                             | -               | August 2032                | 34.02                       | CARE BBB-; Stable                  |

**Annexure-2: Rating history for the last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                             | Rating History                              |                                             |                                             |                                             |
|---------|----------------------------------------|-----------------|------------------------------|-----------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
|         |                                        | Type            | Amount Outstanding (₹ crore) | Rating                      | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1       | Term Loan-Long Term                    | LT              | 34.02                        | CARE BBB-; Stable           |                                             |                                             |                                             |                                             |
| 2       | Fund-based - LT/ ST-Bank Overdraft     | LT/ST           | 5.50                         | CARE BBB-; Stable / CARE A3 |                                             |                                             |                                             |                                             |
| 3       | Fund-based - LT-Cash Credit            | LT              | 60.48                        | CARE BBB-; Stable           |                                             |                                             |                                             |                                             |

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of the various instruments rated**

| Sr. No. | Name of the Instrument             | Complexity Level |
|---------|------------------------------------|------------------|
| 1       | Fund-based - LT-Cash Credit        | Simple           |
| 2       | Fund-based - LT/ ST-Bank Overdraft | Simple           |
| 3       | Term Loan-Long Term                | Simple           |

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)**Annexure-6: List of all the entities consolidated**

| Sr No | Name of the entity                     | Extent of consolidation | Rationale for consolidation     |
|-------|----------------------------------------|-------------------------|---------------------------------|
| 1     | I G International Private Limited      | Full                    | Holding Company                 |
| 2     | Ruby Fresh LLC                         | Full                    | Foreign Wholly owned subsidiary |
| 3     | IG Fruits Private Limited              | Full                    | Wholly owned subsidiary         |
| 4     | IG Citrus Private Limited              | Full                    | Wholly owned subsidiary         |
| 5     | IG Agri Ventures Limited               | Proportionate           | Subsidiary                      |
| 6     | IG Supply Chain Private Limited        | Proportionate           | Fellow Subsidiary               |
| 7     | IG Fresh Produce Private Limited       | Proportionate           | Fellow Subsidiary               |
| 8     | IG Deccan Private Limited              | Proportionate           | Fellow Subsidiary               |
| 9     | IG Bananas Private Limited             | Proportionate           | Fellow Subsidiary               |
| 10    | Palogix IG India Private Limited       | Proportionate           | Fellow Subsidiary               |
| 11    | IG Grapes Private Limited              | Proportionate           | Fellow Subsidiary               |
| 12    | IG Plant Biosciences Private Limited   | Proportionate           | Fellow Subsidiary               |
| 13    | IG Strawberry Private Limited          | Proportionate           | Fellow Subsidiary               |
| 14    | IG Melons Private Limited              | Proportionate           | Fellow Subsidiary               |
| 15    | IG Pears LLP                           | Proportionate           | Subsidiary                      |
| 16    | Hortifrut I G Berries Private Limited  | Proportionate           | Associate                       |
| 17    | IG Engin Tarim Private Limited         | Proportionate           | Associate                       |
| 18    | Fresh Genetics India Private Limited   | Proportionate           | Associate                       |
| 19    | IG Aatreyas Private Limited            | Proportionate           | Associate                       |
| 20    | Esquire IG Corrugation Private Limited | Proportionate           | Associate                       |
| 21    | Rajat IG Biotech Private Limited       | Proportionate           | Associate                       |

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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### About us:

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