

Date: April 22, 2025

To,

The General Manager, Listing Department, Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 531449	The Manager, Listing & Compliance Department The National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Symbol: GRMOVER
---	---

Subject: Credit Rating Reaffirmed as A- (Stable Outlook) by Acuite Ratings & Research Limited

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), we wish to inform you that Acuite Ratings & Research Limited has reaffirmed the long-term rating of 'Acuite A-' (read as Acuite A minus) and short term rating of 'Acuite A2+' (read as Acuite A two plus)

Please find below the details of reaffirmed credit rating assigned to the company:

Name of the Company	Credit Rating Agency	Type of Credit Rating	Rating	Rating Action
GRM Overseas Limited	Acuite Ratings & Research	Long-Term Rating	'Acuite A-' (read as Acuite A minus) Outlook: Stable	Reaffirmed
GRM Overseas Limited	Acuite Ratings & Research	Short-Term Rating	'Acuite A2+' (read as Acuite A two plus)	Reaffirmed

The report from the credit rating agency covering the rationale for reaffirmation of the credit rating is enclosed.

The above information will be available on the website of company at www.grmrice.com.

This is for your information and records.

Thanking you.

Yours faithfully,
For GRM Overseas Limited

Sachin Narang
Company Secretary & Compliance Officer
Membership No.: 65535



Registered Office
 128, First Floor,
 Shiva Market Pitampura,
 Delhi 110034, India. • +91-11-4733 0330

Corporate Office
 8 K.M. Stone, Gohana-Rohtak Road
 Village Naultha, Panipat 132145
 Haryana, India • +91-972964 7000/8000

Factory
 • Gohana Road (Panipat), Haryana
 • Naultha (Panipat), Haryana
 • Gandhidham, Gujarat



Press Release

April 21, 2025

G R M OVERSEAS LIMITED Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	39.00	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	273.00	-	ACUITE A2+ Reaffirmed
Total Outstanding	312.00	-	-
Total Withdrawn	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and short-term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs. 312.00 crore bank facilities of GRM Overseas Limited (GOL). The outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating reaffirmation takes into account the healthy financial risk profile of the group, its strong liquidity position and improvement in revenues in 9MFY2025 post recording a decline in FY2024 as compared to FY2023, albeit moderation in profitability margins. Further, the rating continues to draw comfort from the extensive experience of the management and established brand presence in the agri-food industry.

However, the rating remains constrained on account of working capital-intensive nature of operations, exposure to agro-climatic conditions, inventory risks, economic conditions in export markets, foreign exchange fluctuations, and government regulations.

Going ahead, the group's ability to sustain growth in revenue and improve its profitability margins while maintaining its capital structure and healthy debt coverage indicators will remain a key rating monitorable.

About the Company

The group established as a Partnership Firm in 1974 as "Garg Rice & General Mills". In 1995, the company incorporated to public company with the name of GRM Overseas Limited. In 1996, the company got listed on Bombay Stock Exchange (BSE). The company is engaged in the milling and processing of basmati rice with an installed capacity of 4,40,800 metric tonnes per annum at Panipat, Haryana. In the year 2022, the company got listed on National Stock Exchange of India Limited (NSE).

About the Group

GRM Group comprises of GRM Overseas Limited and its three subsidiaries namely GRM International Holding Ltd. (GIHL, UK), GRM Fine Foods Inc. (GFFI, USA) & GRM Foodkraft Pvt. Ltd. (GFPL, India). The group is engaged in milling, processing and distribution of basmati rice in domestic and overseas markets. It exports to more than 58 countries majorly across in Middle East and Europe. The domestic business is conducted through GRM Foodkraft Pvt Ltd under their flagship brand-name 10X, offering essential consumer goods and kitchen necessities, encompassing rice, spices, atta(flour), and Ready-to-Eat products. The international operations are run through GRM International Holding Ltd. (GIHL, UK), GRM Fine Foods Inc. (GFFI, USA).

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

The team has consolidated the business and financial risk profiles of GOL with its three subsidiaries GRM International Holding Ltd. (GIHL, UK), GRM Fine Foods Inc. (GFFI, USA) & GRM Foodkraft Pvt. Ltd. (GFPL, India). The consolidation is in view of common management, operational & financial linkages between the entities. Together these entities are being referred to as GRM Group (GG).

Key Rating Drivers

Strengths

Experienced management and established brand presence in the agri-food industry

The group established as a Partnership Firm in 1974 as “Garg Rice & General Mills”. In 1995, the company incorporated to public company with the name of GRM Overseas Limited. It has established itself as a quality basmati rice producer and supplier in multiple countries through a wide network of sales and distribution offices in the UK, USA & Middle East. The company has tied up with ASDA Walmart (UK), T.J. Morris (UK), B&M (UK), Albert Heijn (Holland), Metro (Poland), Carrefour (UAE) amongst others to reach its customers. The company was founded by Mr. Hukam Chand Garg and is currently promoted by his son Mr. Atul Garg. The promoters have rich experience of more than 45 years in the agri-food industry. Over the years, company has developed long standing relationship with its customers and suppliers.

Acuite believes that the group will continue to benefit from its experienced management, established brand presence and long-standing relationship with its customers and suppliers.

Healthy financial risk profile

Financial risk profile of GG is healthy marked by healthy net worth, moderate gearing, and healthy debt protection metrics. The net worth of the group improved to Rs.429.74 Cr. as on 31 March 2024 as against Rs.372.04 Cr. as on 31 March 2023. The net worth includes part of Unsecured Loans (USL) by promoters which has been subordinated to bank borrowings and bears an interest rate of 7% per annum. The gearing (debt-equity) improved to 0.68 times as on 31 March 2024 as against 0.84 times as on 31 March 2023. The total debt of Rs.293.37 Cr. as on 31 March 2024 consists of long-term bank borrowings of Rs.0.15 Cr., short-term working capital limit of Rs.256.75 Cr, and CPLTD of Rs.0.19 Cr. However, the decline in profitability in FY2024 led to moderation in debt protection metrics. The interest coverage ratio moderated to 5.08 times in FY2024 from 5.60 times in FY2023. The DSCR stood at 4.04 times in FY2024 from 4.29 times in FY2023. The Net Cash Accruals to Total debt stood at 0.22 times for FY2024 and 0.21 times for FY2023. The Total outside liabilities to Tangible net worth stood at 0.79 times in FY2024 as against 1.10 times in FY2023.

Further, the group has issued and allotted 90,70,000 convertible warrants allotted at a price of Rs.150 including the Warrant Subscription Price of Rs.37.5, aggregating up to Rs. 136.05 Cr. (“Total Issue Size”) on preferential basis to the persons/entities belonging to Promoter and Non-Promoter Category. The group has received an amount aggregating to Rs. 34.01 Cr. in FY2025, being 25% of the Issue Price per Warrant as upfront payment and the balance is expected within 18 months from the date of allotment of warrants.

Going ahead, the financial risk profile of the group is expected to strengthen further on the back of issuance of share warrants and absence of any major debt-funded capex over the medium term.

Improvement in the scale of operations in 9MFY2025 post a marginal decline in FY2024 albeit moderation in the profitability

The revenue of GG improved to Rs.1056 Cr. in 9MFY2025 against Rs.906 Cr. in 9MFY2024 post a decline in revenue to Rs.1312.44 Cr. in FY2024 from Rs.1379.46 Cr. in FY2023. The decline in the revenue in FY2024 was primarily on account of decline in the sales volume. However, during FY2024 the price realizations went up by 3.85% as compared to FY2023. The revenue is derived from the export of basmati rice coupled with sale of basmati rice and other staples in the domestic market. The domestic sales are undertaken through their subsidiary – GRM Foodkraft Limited. Further, the revenue from domestic sales witnessed strong growth constituting ~45.41% of the total revenue in 9MFY2025 against 22.56% in FY2024. Healthy growth traction is expected to continue in the domestic sales in the near to medium term. The operating profit margin stood at 6.31% in 9MFY2025 against 7.35% in FY2024 and 7.98% in FY2023. The PAT margin stood at 3.80% in 9MFY2025 against 4.63% in FY2024 and 4.56% in FY2023.

Going ahead, the ability of GG to improve its scale of operations along with profitability margins will remain a key monitorable.

Launch of 10X Venture

In August 2024, GRM Overseas Limited launched its new strategic platform, 10X Ventures, which is expected to drive growth by investing in Digital-First New Age D2C brands, Lifestyle brands, smaller portfolio brands, and incubator opportunities. 10X Ventures will capitalize on GRM's expansive infrastructure and entrepreneurial experience. The group has planned to invest ~Rs.200 Cr by acquiring Digital-First New Age D2C brands in India so that they can get benefit from their D2C network which will help them in expanding ‘10X Brand’ in India. GRM Group aims to become a blended house of brands company, which will integrate the strengths of traditional FMCG with the agility of e-commerce aggregators and roll-up models.

Weaknesses

Working capital intensive operations

The operations of GG are working capital intensive marked by Gross Current Assets (GCA) of 200 days in FY2024 as against 194 days in FY2023. The group maintains high inventory by storing adequate amount of its different categories of rice in order to readily meet the demand of its customers. Also, since the production of rice is strongly

dependant on rainfall and other climatic conditions. The Debtors days stood at 134 days in FY2024 as against 107 days in FY2023. Creditors days stood at 10 days in FY2024 as against 24 days in FY2023. The reliance on working capital limits stood moderate at ~62% for the last 12 months ending december 2024. Going ahead, the working capital operations are expected to remain intensive over the medium term.

Agro climatic risk and inventory risk

Paddy, the main raw material required for rice is a seasonal crop and production of the same is highly dependent upon the monsoon season. Thus, inadequate rainfall may affect the availability of paddy under adverse weather conditions. Conversely, overstocking leads to a significant quantity of paddy/rice in inventory and exposes the company to inventory price risk.

Risk related to economic conditions of the export countries, foreign exchange and government regulations

The Group is engaged in the milling and processing of rice and is exporting the same to Middle Eastern countries. This exposes the company to the risks related to economic conditions of the export countries. Any slowdown in the economic conditions of these countries may adversely impact the orders inflow of the Group. Further, the profitability margins remain susceptible to fluctuations in foreign exchange rates.

Rating Sensitivities

- Improvement in scale of operations and profitability margins while maintaining its capital structure.
- Improvement in working capital cycle while maintaining strong liquidity position.

Liquidity Position**Strong**

GG has strong liquidity position marked by healthy net cash accruals of Rs.64.39 Cr. in FY2024 against its minimal maturing debt obligation of Rs.0.44 Cr. during the same period. Going forward the cash accruals are expected to remain healthy against minimal repayment obligation in the near term. The reliance of the group on the bank limits is moderate and stood at ~62% in the last 12 months ending December 2024. Current ratio stood at 2.42 times as on 31 March 2024. The group has maintained cash & bank balance of Rs.6.55 Cr. in FY2024.

Going ahead, the liquidity position of the group is expected to remain healthy on account of healthy generation of cash accruals against minimal repayment obligation and moderate reliance on bank limits.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1312.44	1379.46
PAT	Rs. Cr.	60.72	62.86
PAT Margin	(%)	4.63	4.56
Total Debt/Tangible Net Worth	Times	0.68	0.84
PBDIT/Interest	Times	5.08	5.60

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**Not applicable****Any Other Information**

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Jan 2024	Stand By Line of Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	5.00	ACUITE A- Stable (Assigned)
	Stand By Line of Credit	Long Term	4.00	ACUITE A- Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	2.00	ACUITE A- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	14.00	ACUITE A- Stable (Assigned)
	Packing Credit	Short Term	14.00	ACUITE A2+ (Assigned)
	Packing Credit	Short Term	39.00	ACUITE A2+ (Assigned)
	Packing Credit	Short Term	45.00	ACUITE A2+ (Reaffirmed)
	Packing Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Packing Credit	Short Term	146.00	ACUITE A2+ (Reaffirmed)
05 Jan 2024	Stand By Line of Credit	Long Term	4.00	ACUITE A- Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Packing Credit	Short Term	146.00	ACUITE A2+ (Reaffirmed)
	Packing Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Warehouse Receipt Financing	Short Term	45.00	ACUITE A2+ (Reaffirmed)
06 Nov 2023	Stand By Line of Credit	Long Term	15.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Stand By Line of Credit	Long Term	4.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Warehouse Receipt Financing	Short Term	45.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Packing Credit	Short Term	146.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Packing Credit	Short Term	28.00	ACUITE A2+ (Upgraded from ACUITE A2)
17 Aug 2022	Packing Credit	Short Term	132.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Packing Credit	Short Term	14.00	ACUITE A2 (Assigned)
	Packing Credit	Short Term	24.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Packing Credit	Short Term	4.00	ACUITE A2 (Assigned)
	Warehouse Receipt Financing	Short Term	45.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Stand By Line of Credit	Long Term	15.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Stand By Line of Credit	Long Term	4.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	202.00	Simple	ACUITE A2+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	41.00	Simple	ACUITE A2+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A- Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	GRM Overseas Limited
2	GRM Foodkraft Pvt. Ltd., India
3	GRM International Holding Ltd., UK
4	GRM Fine Foods Inc, USA

Contacts

Mohit Jain Senior Vice President - Rating Operations	Contact details exclusively for investors and lenders
Sanidhya Jain Associate Analyst - Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.

© Acuité Ratings & Research Limited. All Rights Reserved.

www.acuite.in