Leo Dryfruits and Spices Trading Limited

May 08, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 70.00 Crore	Regulator^
Long Term Rating	IVR BBB-/Stable (Rating Assigned)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

Infomerics has assigned the rating of IVR BBB- with stable outlook to the bank facilities of Leo Dryfruits and Spices Trading Ltd (Leo Dryfruits). The ratings derive strengths from strong B2G and institutional client base, diverse product portfolio, improvement in revenue and operating profits in FY25 and FY26, comfortable capital structure and experienced promoters and management. However, ratings are constrained due to exposure to commodity price volatility along with fixed price nature of contracts which can lead to margin contraction in periods of commodity price volatility and working capital intensive nature of operations.

Outlook: Stable

The Stable outlook of Leo Dryfruits reflects the expectation that the company will continue to witness steady growth in its scale of operations over the near to medium term, supported by its expanding presence in government and institutional segments, including police and defence canteens, along with growing traction in corporate catering and hospitality channels. The company’s diversified product portfolio across spices, dry fruits, ghee, and emerging segments such as namkeens is expected to aid revenue scalability and reduce concentration risks. Further, ongoing capacity augmentation and backward integration initiatives are likely to support operational efficiencies over time.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone

Key Rating Drivers with Detailed Description

Strengths

Strong B2G and institutional client base

The company benefits from a strong and diversified institutional client base, comprising government canteens (police and defence), reputed hospitality chains such as The Indian Hotels Company Limited (Taj Hotels) and EIH Limited (Oberoi Hotels & Resorts), as well as to large corporates. This association ensures steady and recurring demand for its products, given the essential nature of consumption and the large, captive end-user base served by these institutions. Further, bulk procurement and contractual arrangements with such clients provide healthy revenue visibility and scale stability, while reducing dependence on fragmented retail channels and extensive marketing spends.

Diverse product portfolio

The company benefits from a diversified product portfolio comprising dryfruits (almonds, cashews, raisins) and a wide range of whole and blended spices, catering to wholesalers, retailers, and institutional clients (hotels, restaurants, Canteen Stores Department and Police Canteens). This broad offering of around 40 products and over 400 SKUs enables revenue diversification across multiple segments and channels, reducing dependence on any single product or customer category. Over FY25 and FY26 the company has added various other commodities to its product basket such as foodgrains, pulses, sugar and ghee, especially in supplies to government canteens in order to gain higher share of wallet from clients and achieve higher topline. The complementary nature of products—where spices and commodity products ensure steady demand and dry fruits witness seasonal peaks—supports stability in revenue streams.

Improvement in revenue and operating profits in FY25 and FY26

The Total Operating Income (TOI) of the company increased by ~40% in FY25 and stood at Rs. 87.31 crore as against Rs. 62.17 crore in FY24. It is expected to rise sharply to over Rs.160 crore in FY26, primarily driven by expansion in its customer base, particularly through increased penetration in government canteens, institutional clients, and addition of new distribution channels. The company had empanelled number of government canteens during FY26 which had contributed to the revenue spike. Although H1FY26 revenues were Rs.53.00 crore, based on track record of past 2 years, Infomerics expects the company to achieve TOI of over Rs.160.00 crore for the year.

In line with the growth in revenue, EBITDA and PAT also improved and stood at Rs. 14.83 crore and Rs. 8.17 crore respectively in FY25 as against Rs. 11.14 crore and Rs. 6.73 crore, respectively, in FY24. In FY26, the company's EBITDA is expected to be Rs.18 crore – Rs.20 crore, with the growth not being in proportion to the high revenue growth. The moderation in operating profitability margin in FY25 and to much larger extent in FY26 is attributed to change in product mix, with the company including low margin products such as pulses, foodgrains, sugar and ghee in the supplies to government canteens. Earlier the revenues were driven primarily by higher margin products such as spices and dryfruits.

Comfortable capital structure

The capital structure of the company is comfortable, with Total Outside Liabilities to Tangible Net Worth (TOL/TNW) at 0.84x as at the end of FY25 as against 0.53x as at the end of FY24. Similarly, the overall gearing ratio stood at 0.33x as at the end of FY25 as compared to 0.27x as at the end of FY24. The moderation in capital structure indicators was primarily due to an increase in total debt during the year to Rs. 21.13 crore from Rs. 9.14 crore in FY24, largely to support working capital requirements and business expansion. At end FY26, Infomerics estimates the TOL/TNW to be ~0.80x and overall gearing to be ~0.50x. Going forward, over the medium term, the capital structure ratios are expected to be maintained at close to FY26 end levels.

Experienced promoters and management

The company is a 4th generation family-managed business led by experienced promoters, with Kaushik Sobhagchand Shah and Ketan Sobhagchand Shah having over 40 years of industry experience, supported by Jenish Ketan Shah (10+ years). The experienced leadership and long-standing promoter presence support operational stability, strong industry relationships, and continuity in business growth.

Weaknesses

Exposure to commodity price volatility

Leo Dryfruits operates in the agri commodities segment, where raw material prices are subject to fluctuations due to factors such as crop yields, climatic conditions, import dependence, and global demand-supply dynamics. The company's limited ability to pass on price increases exposes its margins to volatility. Additionally, high inventory requirements may result in losses during price corrections, while rising prices can increase working capital needs and interest costs. Overall, this leads to variability in profitability and cash flows.

Fixed price nature of contracts can lead to margin contraction in periods of commodity price volatility

Leo Dryfruits typically enters into fixed price contracts with clients, for periods ranging from 1 year for corporates and hotels like Taj and Oberoi etc, to 6 months for Canteen Stores Department (CSD) and 3 months for police canteens. Sharp price volatility in products such as spices, dryfruits or lentils such as Urad dal can therefore impact margins. Infomerics notes that this risk is partly mitigated by bulk purchases of various items by the company, normally covering around four months of sales.

Working capital intensive nature of operations

The company is in a working capital-intensive business, requiring significant inventory of dry fruits and spices (around four months for most items) to ensure continuity of supply and meet seasonal demand. The company also extends significant credit to its customers, ranging from 30 days to Compass Group, to 45-60 days for Police Canteens and 75-90 days for Canteen Stores Department, leading to high receivables. Debtors' days stood at 198 days at end FY25, which is expected to be under 150 days at end FY26. High debtor days is due to bulk purchases by CSD and Police Canteens in Q4. Combined with import dependence and bulk procurement requirements, this results in a substantial portion of funds being tied up in operations. Consequently, the company faces elevated short-term borrowing requirements, higher interest costs, and potential liquidity pressures, making efficient working capital management critical to maintaining profitability and cash flow stability.

Liquidity – Adequate

The company is expected to earn gross cash accruals in the range of Rs.11 crores to Rs.33 crore annually as against its debt repayment obligations of Rs.0.33 crore in FY26, Rs.0.23 crore in FY27 and Rs. 0.03 crore in FY28. The average working capital utilisation for last 12 months ended March 2026 stood at 80.43%. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term.

Rating Sensitivities

Upward Factors

- Significant growth in revenue along with EBITDA margins sustained at healthy levels.
- Improvement in working capital cycle with reduction in receivable days

Downward Factors

- Further significant decline in operating margins from FY26 estimated levels due to competitive pressures or adverse product mix.
- TOL/TNW exceeding 1.50x on sustained basis
- Any slowdown in revenue growth or inability to scale new business segments as projected.

About the Company

Leo Dryfruits & Spices Trading Ltd (Leo Dryfruits) is engaged in the trading and distribution of dryfruits and spices in the domestic market. The company deals in a wide range of products including almonds, cashews, raisins, and whole spices such as pepper and cloves, catering to wholesalers, retailers, and institutional buyers. The business model is largely trading-driven, with increasing focus on branded offerings. Its two primary brands are VANDU and FRYD Foods.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2024	31-03-2025	H1FY2026
	Audited	**Audited**	**Audited**
Total Operating Income	62.17	87.31	53.00
EBITDA	11.14	14.83	8.00
PAT	6.73	8.17	5.00
Total Debt	9.14	21.13	-
Tangible Net Worth (TNW)	34.22	59.07	-
EBITDA Margin (%)	17.91	16.98	15.00
PAT Margin (%)	10.82	9.36	9.43
Overall Gearing (times)	0.27	0.36	-
Interest Coverage (times)	8.15	9.05	-

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

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

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
						MMM DD, YYYY	MMM DD, YYYY
1.	Fund based facilities	Long Term	70.00	IVR BBB-/ Stable	--	--	--

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	Listing Status	Regulator^	Complexity Indicator
Cash Credit	--	--	--	--	29.25	IVR BBB-/ Stable	--	RBI	Simple
Proposed Cash Credit	--	--	--	--	40.75	IVR BBB-/ Stable	--	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Leo_Dryfruitsand_Spices_8_May26_d122a441d2.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

***Footnotes**:*

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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About Infomerics

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