



Press Release

Pagariya Exports Private Limited

(Formerly Known as Shah Nanji Nagsi Overseas Private Limited)

December 13, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term - Fund based facilities	15.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short term – Fund Based facilities	165.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	180.00 (Rupees One Hundred and Eighty crores only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Pagariya Export Private Limited factors in extensive experience of promoters, locational advantage on being rice growing part of central India, moderate capital structure and debt protection metrics of the company, favourable demand for rice and rice products and improvement in scale of operations of the company in FY23. The ratings, however, are constrained by low profit margins and susceptibility to agro-climatic risks and changes in the government regulations.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue and profit margins while maintaining the debt protection metrics

Downward Factors

- Any decline in scale of operations and/or moderation in profitability leading to decline in the debt protection metrics
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the firm



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters in the industry**

The promoter Pagariya family has a considerable experience in the agro products business. While Mr. Umesh Pagariya has more than two decades of experience in this industry, Mr. Raj Pagariya and Mr. Neel Pagariya cumulatively carrying more than five years of experience. On the back of this long-standing experience of the promoters, the company has developed established and healthy relationships with its customers and suppliers, which enables the company to receive repeat orders

- **Location advantage on being present in the rice growing central India**

Company is engaged in rice sorting segment. The sorting unit is favourably located in the rice growing Central India Region of Nagpur, Maharashtra implying proximity to paddy growers. The presence in these regions thus gives a competitive advantage in terms of easy availability of paddy, lower freight, and favourable pricing terms.

- **Moderate capital structure and debt protection metrics of the company**

PEPL's capital structure remained comfortable in FY23. Company reported adj. overall gearing ratio and adj. TOL/TNW of 1.82x, 2.11x respectively in FY23. (FY22: 1.83x, 2.37x). Further PEPL's DSCR stood comfortable at 4.55x (FY22: 9.51x). Company's interest coverage ratio stands at 3.99x in FY23. (FY22: 7.14x).

- **Improvement in scale of operations of the company in FY23**

The topline and profitability of the company has improved consistently in the past few years which continued in FY23, which has consequently led to an increase in profits and GCA. The company's total operating income (TOI) increased to Rs. 1085.45 crore in FY23 from Rs. 663.61 crore in FY22 depicting an increase of ~64% on a y-o-y basis. Consequently, the EBDITA and PAT also increased to Rs. 39.45 crore and Rs. 28.56 crore respectively in FY23 from Rs. 23.48 crore and Rs. 21.56 crore, respectively in FY22.



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Key Rating Weaknesses

- **Low profit margins of the company**

The company operating margins remain thin given the limited value addition which also has subsequently impacted the net margins. Company reported an operating margin and PAT margin of 3.63%, 2.59% respectively in FY23. (FY22: 3.54%, 3.17%)

- **Susceptibility to agro-climatic risks and changes in the government regulations**

The rice industry is susceptible to agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. Fluctuations in supply, in turn, expose PEPL to price volatility risks. Moreover, the company is also susceptible to regulatory changes in terms of prices of agricultural commodities, export / import restrictions etc.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

[Default Recognition Policy](#)

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



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Liquidity – Adequate

The liquidity position of the company is adequate on account of the fact that the expected gross cash accruals of the company are likely to remain favourable relative to its debt-servicing obligations during FY24-FY26. Further, company has reported adequate current ratio at 1.33x as on March 31, 2023 to meet its near-term cash requirements. Further PEPL has cash and bank balance of Rs 0.10 crore as on March 31st, 2023.

About the Company

Pagariya Export Private Limited (Erstwhile known as Shah Nanji Nagasi Overseas Private Limited), incorporated on November 4, 2020, is promoted by Pagariya Group of Nagpur, presently headed by Shri Ujwalkumar Parasmal Pagariya. The company was formed to take over the exports business of Shah Nanji Nagasi Overseas Pvt. Ltd. The company procures rice from rice millers in india, manufacture/process the same through sortex machines as per its brand quality or requirement of customers, pack under its brand name and sell in international market.

Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	663.61	1085.45
EBITDA	23.48	39.45
PAT	21.56	28.56
Total Debt	132.94	190.27
Adj. Tangible Net Worth	49.23	81.88
<u>Ratios</u>		
EBITDA Margin (%)	3.54	3.63
PAT Margin (%)	3.17	2.59
Overall Gearing Ratio(x)	1.83	1.82

*As per Infomerics' standards

Status of non-cooperation with previous CRA: Nil



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	10.00	IVR BBB-/ Stable	-	-	-
2.	Cash Credit	Long Term	5.00	IVR BBB-/ Stable	-	-	-
3.	PCFC/EPC	Short Term	165.00	IVR A3	-	-	-

Name and Contact Details of the Analytical department:

Name: Jalaj Srivastava Tel: (079) 40393043 Email: jalaj.srivastava@infomerics.com
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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 visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	Revolving	5.00	IVR BBB-/Stable
Term Loans	-	-	FY28	10.00	IVR BBB-/Stable
PCFC/EPC	-	-	-	165.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Pagariya-Exports-13dec23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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