Press Release

Pagariya Exports Private Limited

(Formerly Known as Shah Nanji Nagsi Overseas Private Limited)

March 13, 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Facilities	15.00	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	Reaffirmed	Simple
Short Term Facilities	235.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	**250.00**	**(Rupees Two Fifty Crore only)**			

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

The reaffirmation in the ratings assigned to the bank facilities of Pagariya Exports Private Limited factors in extensive experience of promoters, locational advantage being present in the rice growing belt of Maharashtra and moderate scale of operation in FY'24 (refers to the period of April 01, 2023 to March 31, 2024) along with improvement in profitability margins. Further the rating derives strength from moderate capital structure and satisfactory debt coverage indicators. The ratings however remained constrained by low profit margins and susceptibility to agro-climatic risks and changes in the government regulations.

"Stable" outlook is assigned considering the extensive experience of promoters, stable financial performance with growth in TOI & profits in 9MFY25 and positive development towards capacity expansion.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue and profitability 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 company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters in the industry

The promoters of Pagariya family have 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 carry 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

PEPL is engaged in rice sorting segment. The sorting unit is favourably located in the rice growing belt of 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 scale of operation along with improvement in profitability margins, albeit decline in TOI due to export restriction on rice.

The topline of the company decline by ~34% over previous year marked by TOI of Rs. 713.21 Cr in FY’24 from Rs.1085.45 Cr in FY’23. The decline in TOI was majorly due to export ban on non-basmati white rice and 20% duty on parboiled rice levied by the GOI. Despite decline in top-line, PEPL has reported improvement in profitability margins marked by EBITDA & PAT remained at 4.29% and 3.35%, respectively in FY’24 as against 3.63% and 2.59%, respectively in FY’23 due to decline in cost of production. In the current financial year with the lifting of export bans and easing of duty rates, PEPL has witnessed growth in topline and achieved sales of of Rs. 823 cr in 10M FY’25 registering growth of ~33% over sales achieved in the corresponding period of previous financial year.

Moderate capital structure and debt protection metrics of the company

PEPL’s capital structure improved albeit remain moderately leverage marked by overall gearing of 2.66x as on 31st March 2024 (4.64x as on 31st March 2023) owing to increase in tangible networth base led by accretion of profit to reserves. Further, the overall gearing is projected to improve growing forward with increase in tangible net-worth base led by incremental profit accretion with the commissioning of new sorting plant at Vadala.

The debt protection metrices marked by DSCR & ISCR of PEPL remain satisfactory and comfortable at 4.63x and 3.46x, respectively in FY’24 as against 4.55x and 3.99x, respectively in FY’23 owing to decline in finance cost. Further the company doesn’t have any outstanding long-term debt as on balance sheet date.

Key Rating Weaknesses

Fragmented nature of the industry leading to thin profit margins

The rice-milling industry is characterised by intense competition due to limited value addition, and consequent low entry barriers, limiting the pricing flexibility of players like PEPL.

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. Consequently, the company is vulnerable to potential shortages or price fluctuations during unfavorable weather conditions. The profitability of a rice mill hinges significantly on the minimum support price of paddy and the prevailing market price of rice. 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:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for assigning Rating outlook

Default Recognition Policy

Complexity Level of Rated Instruments / Facilities

Policy on Withdrawal of Ratings

Liquidity – Adequate

The liquidity position of the company stands adequate marked by positive cash flow from operations of Rs. 7.96 Cr in FY’24 from negative Rs. 63.11 Cr in FY’23. Further, company has reported adequate current ratio at 1.23x as on March 31, 2024 to meet its near-term cash requirements. PEPL average working capital utilization for twelve months ended November 2024 stands at 92.69%. The unencumbered cash and bank balance stands at Rs. 0.31 crore as on March 31st, 2024, and investment in marketable equity shares to the tune of Rs. 19.41 Cr.

About the Company

Pagariya Export Private Limited (Erstwhile known as Shah Nanji Nagsi 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 Nagsi 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*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	1085.45	713.21
EBITDA	39.45	30.56
PAT	28.55	24.51
Total Debt	190.27	190.76
Adjusted Tangible Net Worth	41.03	71.63
EBITDA Margin (%)	3.63	4.29
PAT Margin (%)	2.59	3.35
Overall Gearing Ratio(x)	4.64	2.66
Interest Coverage (x)	3.99	3.46

**As per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(February 12, 2025)	(December 13, 2023)		
1.	Term Loans	Long Term	0.00	-	Withdrawn	IVR BBB-/ Stable	-	-
2.	Cash Credit	Long Term	15.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
3.	PCFC/EPC	Short Term	235.00	IVR A3	IVR A3	IVR A3	-	-
4.	Proposed	Long Term	0.00	-	IVR BBB-/ Stable			
5.	Proposed	Short Term	0.00	-	IVR A3			

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

Press Release

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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	15.00	IVR BBB-/ Stable
PCFC/EPC	-	-	-	235.00	IVR A3

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-PEPL-mar25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/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.