



## Press Release

### Nagreeka Exports Limited

**August 22, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u><a href="#">Complexity Indicator</a></u></b>
Long term Bank Facilities	58.86	IVR BBB-/ Negative (IVR Triple B Minus with Negative outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Outlook revised from Stable to Negative	Simple
Short term Bank Facilities	194.33	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Long Term / Short Term Bank Facilities-Proposed	10.52	IVR BBB-/ Negative; IVR A3 (IVR Triple B Minus with Negative outlook; IVR A Three)	IVR BBB-/ Stable; IVR A3 (IVR Triple B Minus with Stable outlook; IVR A Three)	Outlook revised from Stable to Negative	Simple
<b>Total</b>	<b>263.71</b>	<b>(Rupees Two Hundred Sixty-Three crores and seventy-one lakhs only)</b>			

**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**

Infomerics Ratings has reaffirmed the rating assigned to the bank facilities of Nagreeka Exports Limited (NEL) and revised the outlook from stable to negative on account of significant decline in revenue during Q1FY26. The ratings derives comfort from comfortable capital structure and moderate debt protection metrics backed by vast experience of promoters in the industry. However, the rating strengths are partially offset by moderation in financial profile, raw material price risk, and foreign exchange fluctuation risk along with working capital-intensive nature of business.

The Negative Outlook is primarily due to the higher-than-anticipated closure of a production unit, resulting in a loss of output. Additionally, lower-than-expected offtake from Bangladesh—attributed to political instability in the country—further impacted revenues. also considers that the EBITDA interest coverage ratio remains below unity for two consecutive quarters, with



## Press Release

continued uncertainty regarding improvement due to the unpredictable nature of the company's operating performance.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained & substantial improvement in revenue & profitability margins and/or improvement in working capital cycle leading to overall improvement in credit profile.

#### **Downward Factors**

- Any decline in revenue and profitability and/or any unplanned debt led capex and/or any deterioration in working capital cycle leading to deterioration in credit profile.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoters and established presence in the yarn export segment:**

NEL is promoted and operated by Patwari family and Company has industry experience of over 4 decades which has assisted in establishing strong industry relationship with various stakeholders, including customers and suppliers. The promoters have been regularly supporting the company through infusion of funds in the form of unsecured loans.

##### **Comfortable capital structure and moderate debt protection metrics:**

The capital structure of the company remained comfortable with adjusted net worth of Rs.170.58 crore as 31st March 2025. As per management, the promoters have infused subordinated unsecured loans of Rs.9.50 crore during FY26. The Overall gearing improved to 1.00x as on March 31, 2025, from 1.13x as on March 31, 2024, due to repayment of debt & improved net worth. TOL/TNW has also improved slightly to 1.22x as on 31st March 2025 (31st March 2024:1.36x) due to increase in net worth. The debt protection metrics stood comfortable marked by Interest Coverage Ratio at 1.73x as on March 31, 2025, and Debt Service Coverage Ratio at 0.79x as on March 31, 2025.



## Press Release

### **Key Rating Weaknesses**

#### **Moderate financial profile:**

NEL's revenue declined significantly during Q1FY26 by ~47% to Rs. 90.31 crores as compared to Rs. 171.45 crores in Q1FY25. The decline was primarily due to the higher-than-anticipated closure of a Yavluj production unit resulting in a loss of output. Additionally, lower-than-expected offtake from Bangladesh attributed to political instability in the country further impacting the revenues. The Y-o-Y revenue also declined marginally by 5% to Rs.528.86 crore in FY25 (period refers from April 01, 2024, to March 31, 2025) as against Rs.559.03 crores in FY24 driven by diversification of products and moderate volumes of sales. The EBITDA margins remained moderate at 4.62% in FY25 against 4.48% in FY24 with change in product mix and target market as well as better industry dynamics. However, the PAT margins declined to 0.60% in FY25 against 1.07% due to higher interest costs during the period. Infomerics expects that with a higher share of high margins products and with lower contribution from the trading business will lead to improved operating profitability.

#### **Elongated working capital cycle:**

NEL's working capital cycle remained elongated, with the net working capital cycle standing at 108 days as on FY25, compared to 97 days in FY24. The elongation was primarily on account of higher inventory holding period, which increased due to slower off-take and buildup of raw material as well as finished goods. While receivable days remained broadly stable, the rise in inventory days increased the pressure on the overall cycle, thereby increasing the funding requirement for working capital.

#### **Cyclical & fragmented nature of industry:**

The cotton spinning industry is characterized by cyclicity, fragmentation, and high capital intensity. Raw material cost forms a major component of cost and players operate at very low margins. Economies of scale and level of integration is the key to profitable operations.



## Press Release

### **Raw material price risk:**

Cotton is NEL's major raw material component. Cotton prices are susceptible to factors such as rainfall pattern in cotton producing areas, pest attacks, availability of cheap imports, Man made fibre prices and government regulations. Therefore, NEL continues to be exposed to any fluctuation in the prices of cotton.

### **Analytical Approach:** Standalone

### **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](#)

### **Liquidity –Adequate**

The company has adequate liquidity marked by moderate cash accruals of Rs.8.97 crores in FY25 as against debt obligations of around Rs.8.00 Crore over FY26-FY28. The average utilized fund-based bank limit is around 90.40% utilized by the company during the last twelve months ended February 2025. The cash & cash equivalents stood at Rs.5.77 crores. The current ratio of the company also stood comfortable at 1.47x as on FY25.

### **About the Company**

Nagreeka Exports Ltd. was incorporated in West Bengal on 6th March 1989. NEL was promoted by late Mr. Ishwarlal Patwari and his family to undertake their family business of yarn trade. NEL has export-oriented Cotton Spinning Unit with a capacity of 55440 spindles is in Kolhapur, Maharashtra. The Company is producing about 7500 TPA of World Class normal and organic cotton yarn in the count range from English count (Ne) 20s to 61s with an average production count of Ne 39s-doublecombed and carded suitable for knitting and weaving sector for both export and domestic markets.



## Press Release

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	559.03	528.86
EBITDA	25.05	24.42
PAT	6.01	3.17
Total Debt	165.75	169.73
Tangible Net Worth	146.89	170.58
EBITDA Margin (%)	4.48	4.62
PAT Margin (%)	1.07	0.60
Overall Gearing Ratio (x)	1.13	1.00
Interest Coverage (x)	1.90	1.73

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: NIL

Any other information: Not Applicable

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			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 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24
					April 24, 2025	March 28, 2025	Jan 29, 2024	May 17, 2023
1.	GECL 2.0	Long Term	13.42	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Stable
2.	GECL 2.0 extn	Long Term	17.08	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Stable
3.	EPC/ PCFC	Short Term	141.00	IVR A3	IVR A3	IVR A3	IVR A3	IVR A4+
4.	FBDN/FBP	Short Term	48.25	IVR A3	IVR A3	IVR A3	IVR A3	IVR A4+
5.	BG/ LC	Short Term	5.08	IVR A3	IVR A3	IVR A3	IVR A3	IVR A4+
6.	Term Loan	Long Term	28.36	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	--	--
6.	Proposed	Long Term/ Short term	10.52	IVR BBB-/ Negative; IVR A3	IVR BBB-/ Stable; IVR A3	IVR BBB-/ Stable; IVR A3	--	--





## Press Release

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**About Infomerics:**

Infomerics Valuation and Rating 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.

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## Press Release

### 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
GECL 2.0	--	--	--	Up to Aug 2028	13.42	IVR BBB-/ Negative
GECL 2.0 extn	--	--	--	Up to Aug 2028	17.08	IVR BBB-/ Negative
EPC/ PCFC	--	--	--	--	141.00	IVR A3
FBDN/FBP	--	--	--	--	48.25	IVR A3
BG/ LC	--	--	--	--	5.08	IVR A3
Term Loan	--	--	--	Jan 31, 2034	28.36	IVR BBB-/ Negative
Proposed	--	--	--	--	10.52	IVR BBB-/ Negative; IVR A3

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-nagreeka-exports-22aug25.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

**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](http://www.infomerics.com).