



## Press Release

### Nagreeka Exports Limited (NEL)

April 24, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities	58.86 (Enhanced from 30.50)	IVR BBB-/ Stable	IVR BBB-/ Stable	Rating Reaffirmed	Simple
Short term Bank Facilities	194.33	IVR A3	IVR A3	Rating Reaffirmed	Simple
Long Term / Short Term Bank Facilities-Proposed	10.52 (Reduced from 23.88)	IVR BBB-/ Stable; IVR A3	IVR BBB-/ Stable; IVR A3	Rating Reaffirmed	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 its rating assigned to the bank facilities of NEL derives comfort from sustained improvement in operating profile 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 raw material price risk, and foreign exchange fluctuation risk and working capital intensive nature of business.

The outlook is assigned 'Stable' with Infomerics expectations of maintaining current operating profile as well as current comfortable capital structure over the medium term.



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### **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**

##### **Improved financial profile:**

NEL's revenue improved by 13% on y-o-y basis to Rs.559.03 crore in FY24 (period refers from April 01, 2023, to March 31, 2024) as against Rs.388.51 crores in FY23 driven by diversification of products and higher volumes of sales. The company has recently diversified into home linen and bed linen segments which carries higher margins as compared to yarn which has contributed around 20%-30% of the revenue and carries around 8%-9% of margins. The EBITDA and PAT margins improved to 4.48% and 1.07% respectively (FY23: 4.16% & 0.78%) with change in product mix and target market as well as better industry dynamics owing to stable Indian cotton price. 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.

##### **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 also frequently support the company by way of infusion of funds both in the form of preferential shares and unsecured loans. During February 2024, the Board of Directors approved issuance of right shares to the tune of Rs. 37.50 crores which increased the share capital to Rs.15.63 crores as on March 31, 2024, from Rs. 6.25 crores as on March 31, 2023.



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

The capital structure of the company remained comfortable with adjusted net worth of Rs.146.89 crore as 31st March 2024. As per management, the promoters have infused subordinated unsecured loans of Rs.4.00 crore during FY25 and up to Rs. 8.00 crores during FY26 & FY27. The Overall gearing improved to 1.13x as on March 31, 2024, from 1.63x as on March 31, 2023, due to repayment of debt & improved net worth. TOL/TNW has also improved to 1.36x as on 31st March 2024 (31st March 2023:1.97x) due to decrease in debt. The debt protection metrics stood comfortable marked by Interest Coverage Ratio at 1.90x as on March 31, 2024, and Debt Service Coverage Ratio at 0.99x as on March 31, 2024.

### **Key Rating Weaknesses**

#### **Improved though elongated working capital cycle:**

NEL's working capital cycle improved with net working capital cycle at 97 days at the end of FY24 as compared to 128 days in FY23. The declined is due to decrease in inventory days which decreased to 88 days from 117 days in FY23. NEL's average working capital utilisation for twelve months ended January 2025, stood at 90%.

#### **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.

#### **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:**



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[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.10.69 crores in FY24 as against debt obligations of around Rs.10.00 Crore over FY25-FY27. 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.2.98 crores. The current ratio of the company also stood comfortable at 1.47x as on FY24.

### **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 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.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	388.51	559.03
EBITDA	16.16	25.05
PAT	3.05	6.01
Total Debt	180.47	165.75
Tangible Net Worth	111.06	146.89
EBITDA Margin (%)	4.16	4.48
PAT Margin (%)	0.78	1.07
Overall Gearing Ratio (x)	1.63	1.13
Interest Coverage (x)	1.51	1.90

\* Classification as per Infomerics' standards.



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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 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24
					March 28, 2025	Jan 29, 2024	May 17, 2023
1.	GECL 2.0	Long Term	13.42	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BB+/Stable
2.	GECL 2.0 extn	Long Term	17.08	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 A4+
4.	FBDN/FBP	Short Term	48.25	IVR A3	IVR A3	IVR A3	IVR A4+
5.	BG/ LC	Short Term	5.08	IVR A3	IVR A3	IVR A3	IVR A4+
6.	Term Loan	Long Term	28.36	IVR BBB-/Stable	IVR BBB-/Stable	--	--
6.	Proposed	Long Term/Short term	10.52	IVR BBB-/Stable; IVR A3	IVR BBB-/Stable; IVR A3	--	--

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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



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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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### 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-/ Stable
GECL 2.0 extn	--	--	--	Up to Aug 2028	17.08	IVR BBB-/ Stable
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-/ Stable
Proposed	--	--	--	--	10.52	IVR BBB-/ Stable; IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-nagreeka-exports-apr25.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).