



Press Release

Wings Agriculture Private Limited

March 04, 2025

Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	164.12	IVR BBB+; Stable (IVR Triple B Plus with Stable outlook)	-	Assigned	Simple
Short Term Bank Facilities	55.00	IVR A2 (IVR A Two)	-	Assigned	Simple
Total	219.12 (Rupees Two Hundred Nineteen Crore and Twelve Lakhs 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 ratings assigned to the bank facilities of Wings Agriculture Private Limited (WAPL) derives comfort from its experienced management, operational synergy with Wings Agro Private Limited (Parent company) and Viterra India Private Limited and eligibility of subsidy for ongoing capacity expansion plan in Madhya Pradesh. The ratings also consider WAPL's satisfactory business performance in FY24 [FY refers to period from April 1 to March 31] and subsequently in 9MFY25 and comfortable capital structure with satisfactory debt protection metrics. However, these rating strengths are partially offset by WAPL's exposure to project implementation risk, exposure to agro-climatic conditions and vulnerability to commodity (pulses) price movements, exposure to intense competition and exposure to government policy.

The stable outlook reflects that the company will continue to benefit from the experience of its promoters in the agriculture industry and expected improvement in volume sales post completion of capacity enhancement.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals.



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- Improvement in the capital structure with improvement in overall gearing ratio and improvement in debt protection metrics on a sustained basis.
- Successful completion of project without any cost or time overrun.

Downward Factors

- Decline in operating income and/or profitability impacting the cash accrual on a sustained basis.
- Any unplanned debt funded capex leading to moderation in the capital structure with moderation in overall gearing ratio to more than 3x and/or moderation in interest coverage ratio to below 1.5x.
- Any substantial stretch in the operating cycle impacting the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management**

WAPL is a wholly owned subsidiary of Wings Agro Pvt Ltd which is a part of the Wings group. Wings group is promoted by Mr. Hiren Kishorbhai Sodha and Mr. Gaurav Gopal Das Bagdai based in Rajkot, Gujarat. Mr. Sodha and Mr. Bagdai has vast business experience of more than two decades. Wings group has business interest in sectors like agricultural commodity trading, processing of pulses, real estate, hotels etc. Wings Agro Private Limited is a joint venture (JV) between Viterra India Private Limited (VIPL) [50%] and Mr. Gauravbhai Bagdai [25%] & Mr. Hiren Kishorbhai Sodha [25%] since 2020. VIPL is a wholly owned subsidiary of Viterra Ltd through its group entities (Renaisco B.V – 99.99%; by Barrint Benelix B.V.: 0.01%). Viterra Ltd is a global leader in the sourcing, handling, processing and marketing of agricultural commodities and products. Viterra Ltd has operations in more than 35 countries. Mr. Manek Gupta (MD of VIPL) and Mr. Peeyush Gupta (CFO of VIPL) are also holding the directorship in WAPL and take active part in managing the business.

- **Operational synergy with Wings Agro Pvt Ltd and VIPL**

Wings Agro Pvt Ltd, the holding company of WAPL also procure goods from WAPL (~43% of total sales in FY24) thereby reduces the offtake risk to an extent. Furthermore, being associated with VIPL, WAPL enjoys operational synergy in terms of procurement of its raw materials and bargaining power with its customers. WAPL also procure its raw materials directly from VIPL (~14% in FY24 and ~43% in FY23) and some to its produce to VIPL.



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Besides, Viterra Limited have extended a corporate guarantee to the bank facilities (50%) availed by WAPL for the capacity enhancement project.

- **Eligibility for subsidies**

As per industrial policy and investment promotion scheme of Madhya Pradesh, The company is eligible for following benefits such as Investment Promotion Incentive, Electricity tariff rebate, electricity duty, exemption in APMC cess and refund of stand duty and registration fees. Collectively, WAPL will get the benefit of ~Rs.150.00 Crore in the form of government subsidy over a period of seven years from the date of commencement of operation.

- **Satisfactory business performance**

Total operating income (TOI) of the company increased at a CAGR of ~37% from FY2022 to FY2024 with a y-o-y growth from Rs.290.99 crore in FY23(A) to Rs.354.96 crore in FY24(A) driven by improvement in average sales realisation of all the products coupled with the increase in volume sale of its major product (Chana Dal and Besan). The company has also added peas and peas dal in the product profile from FY24 which also aid the growth in company's turnover. However, despite of increase in TOI, EBITDA margin and PAT margin moderated from 5.66% and 2.17% respectively in FY23(A) to 4.52% and 1.70% respectively in FY24(A). The moderation in operating margin and PAT margin are mainly due to increase in raw materials cost and other indirect expenses such as manufacturing and admin expenditure. In 9MFY25 the company has achieved a revenue of ~Rs.361 crore.

- **Comfortable capital structure with satisfactory debt protection metrics though moderation expected in the near term**

The capital structure of the company remained comfortable marked by its comfortable leverage ratios. The long-term debt equity ratio and overall gearing ratio stood comfortable at 0.39x and 0.97x respectively as on March 31, 2024, as against 6.77x and 9.44x respectively as on March 31, 2023. Total indebtedness as reflected by TOL/TNW also remained satisfactory at 1.13x as on March 31, 2024 [11.87x as on March 31, 2023]. The steady improvement in leverage ratios is underpinned by infusion of equity by the promoters aggregating to Rs.40.12 crore coupled with accretion of profit to net worth. However, the capital structure of the company is expected to be moderated marked by moderation in the leverage ratios in the near term due to avilment of term loan to fund the ongoing capex. ICR remained satisfactory and improved from 2.29x in FY23(A) to 2.57x in FY24(A). The



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other debt coverage indicators marked by Total debt/EBITDA and Total debt to NCA though improved on the back of reduction in debt level stood moderate at 2.99x and 5.20x respectively as on March 31, 2024 [4.90x and 8.09x respectively as on March 31, 2024]. Movement of debt protection parameters in the light of expected increase in debt level will remain a key rating monitorable.

Key Rating Weaknesses

- **Project implementation risk**

The company is proposing to expand its business by establishing another plant having installed capacity of 768 MT per day. Input capacity of raw materials comprises chickpeas – 288 MT, lentils – 288 MT, Matpe – 96 MT and Mung – 96 MT. The total cost of project is Rs.225.00 crore which is to be funded by term loan of Rs.156.75 crore from DBS Bank and rest Rs.68.25 crore is through internal accrual and promoters' contribution. The project is in its initial stage. The company has incurred Rs.67.30 crore as on February 28, 2025, to acquire land and start civil construction and infrastructure works funded by term loan of ~Rs.23 crore and rest through internal accruals and promoters' contribution. The expected project completion date is 1st January 2026.

- **Exposure to intense competition**

High fragmentation due to low entry barriers (in the form of capital and technological intensity) in the agriculture commodity industry has led to limited value addition, which may continue to restrict scalability and flexibility to pass on any hike in raw material prices to end-consumers. The operating margin of the company has remains modest at ~4.5% for fiscal 2024. Improvement in operating margin will remain a key sensitivity factor over the medium term.

- **Exposure to agro-climatic conditions and vulnerability to commodity (pulses) price movements**

The crop yield of agricultural commodities depends on adequate and timely monsoon which impact the raw material availability and prices. The company also remains exposed to other risks inherent in an agro-based business, including pest attacks or crop infections, shift in the food consumption pattern due to price fluctuation etc.

- **Exposure to government policy**

Exposure to government policies pertaining to Minimum Support Price (MSP) of pulses, revision in tax policies, restriction on import of pulses etc. is an inherent risk of the agro-



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commodity industry. At present there is no ban on the export of pluses, which is beneficial for the company

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](#)

[Parent & Group support](#)

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

Liquidity – Adequate

WAPL's liquidity profile is expected to remain adequate in the near term with expected adequate cash accruals. The company has earned a cash accrual of Rs.9.22 crore in FY24(A) and expected to earn cash accruals in the range of Rs.13.86 crore – Rs.32.42 crore as compared to its debt obligations in the range of Rs.4.71 crore - Rs.17.42 crore during FY25-FY27. Further, the current ratio of the company stood satisfactory at 1.24x as on March 31, 2024, and the average cash credit utilisation of the company remained moderate at ~77% during the past 12 months ended December 2024, indicating moderate liquidity cushion. The operating cycle of the company improved to 45 days in FY24(A) compared to 52 days in FY23(A)

About the Company

Rajkot, Gujarat based Wings Agricultraure Private Limited (WAPL) was incorporated on October 19, 2019. The company was promoted by Mr. Gaurav Gopaldas Bagdai and Mr. Hiren Kishorbhai Sodha who has a vast experience of more than two decades in the agriculture industry. WAPL is engaged in processing of agricultural product such as chickpea (Chana) into Split Chickpea (Chana Dal) and Chickpea Floor (Besan) with a plant capacity of 288MT per day. Churi & Husk are by-products which are used as cattle feed. The plant also has facility for cleaning and sorting of Raw Chana. The plant is located at Rajkot (Gujarat). WAPL is the wholly owned subsidiary of Wings Agro Private Limited.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	290.99	354.96
EBITDA	16.48	16.04
PAT	6.36	6.03
Total Debt	80.76	47.92
Tangible Net Worth	8.56	49.62
EBITDA Margin (%)	5.66	4.52
PAT Margin (%)	2.17	1.70
Overall Gearing Ratio (x)	9.44	0.97
Interest Coverage (x)	2.29	2.57

* Classification 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 Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	164.12	IVR BBB+; Stable	-	-	-
2.	Working Capital Loan	Short Term	55.00	IVR A2	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly known as 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).

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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
Term Loan	-	-	-	Sept 2032	164.12	IVR BBB+; Stable
Working Capital Loan	-	-	-	-	55.00	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-WAPL-mar25.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.