

Nava Padmini Spices

March 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Nava Padmini Spices (NPS) to monitor the rating vide e-mail communications dated November 07, 2024, November 29, 2024, January 07, 2025, January 13, 2025, January 17, 2025, January 21, 2025, January 22, 2025, January 24, 2025, January 31, 2025, February 06, 2025, March 17, 2025 and March 19, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, Nava Padmini Spices (NPS) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on NPS's bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING**'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Nava Padmini Spices (NPS) remain constrained on account of moderate scale of operations despite significant rise in the same, thin profitability margins and leveraged capital structure with weak debt coverage indicators during FY24(Unaudited, FY refers to period April 01 to March 31). The ratings are further constrained on account of exposure to price volatility and seasonality of raw materials, presence in a highly fragmented and competitive agro-commodity industry and proprietorship constitution of the firm. The ratings however favourable factor in a comfortable operating cycle, extensive experience of the promoters, capital infusion during the year and stable industry outlook.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 20, 2024 the following were the rating strengths and weaknesses (updated based on financials shared by NPS)

Key weaknesses

Moderate scale of operations despite significant rise in the same and thin profitability margins

NPS's scale of operations grew significantly by 97.32% in FY24 marked by increase in total operating income (TOI) to Rs. 151.56 crore in FY24 as compared to Rs. 76.81 crore in FY23. Despite the improvement in scale of operations, margins continue to remain thin this owing to the trading nature of operations. Thus, PBILDT margin and PAT margin was 2.21% and 0.63% respectively in FY24 compared to 0.84% and 0.73% respectively in FY23.

Leveraged capital structure and weak debt coverage indicators

NPS's capital structure deteriorated over previous year primary due to increase in overall debt mainly in form of working capital borrowing and continue to remained leveraged as marked by overall gearing ratio of 6.23x as on March 31, 2024 deteriorated from 3.80x as on March 31, 2023. Further, debt coverage indicators also weakened as a result of higher overall debt along with high finance cost against low absolute profitability. Thus, TD/GCA stood high at 27.44 years as on March 31, 2024(13.44 years as on March 31, 2023) and interest coverage ratio was modest of 2.02x in FY24 (2.03x in FY23)

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Exposure to price volatility and seasonality of raw materials

NPS is into the processing of chillis which are the primary raw material. The profitability is vulnerable to fluctuations in raw material prices due to the commoditized nature of the business and the limited level of value addition. Furthermore, the agro-based commodities are seasonal and are available readily only for a few months in a year requiring adequate stocking levels of raw materials. The agro raw materials as required by the firm are commodities and their prices are linked to the demand-supply scenario, which in turn depends upon other external factors like rainfall and international prices, thereby exposing the firm profitability to changes in raw material prices.

Presence in a highly fragmented and competitive agro-commodity industry

Nava Padmini operates in a competitive and highly fragmented agro-commodity industry which has a presence of large number of small and medium scale players. Further, the overall value addition in the trading industry is very low which translates into thin profitability. For its exports, Nava Padmini also faces intense competition from large established players in the industry (which contributes majority of its turnover), who have global sourcing and customer base.

Constitution of the entity being a proprietorship firm

NPS being a proprietorship firm has the inherent risk of possibility of withdrawal of capital by the proprietor at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency. Moreover, firms have restricted access to external borrowings as credit worthiness of the proprietor being the key factor affecting credit decision for the lenders.

Key strengths***Comfortable operating cycle***

The operating cycle of NPS was comfortable at 39 days during FY24 (47 days during FY23). NPS' raw materials are predominantly agro commodities which are seasonal in nature and are available readily only for a few months in a year requiring adequate stocking levels of raw materials due to which it had 44 Inventory days, NPS extends credit period ranges from 0-30 days to its clientele leading to average collection of 18 days. NPS procured raw materials from traders located in Punjab, New Delhi, Andhra Pradesh, Rajasthan, Karnataka, Telangana etc., who offer credit periods ranging from 15-45 days.

Experienced management with long track record in the trading of agri-commodities

NPS was incorporated by Nagaraju Dongari having more than two decades of experience in agriculture w.r.t to procurements, processing, and supply chain. He overlooks the day-to-day operations. By virtue of being in the trading nature of operations for considerable period of about two decades, he has developed strong business relation with suppliers and buyers.

Capital infusion by proprietor

The proprietor has been infusing funds to support the increasing scale of operations in the past. The proprietor infused additional capital worth Rs. 1.47 crore during FY24.

Stable Industry Outlook

Asia-Pacific dominates the market, as India is the world's largest producer, consumer, and exporter of dry chillies. India's top importers are China, the United States, Thailand, Sri Lanka, and Indonesia. Andhra Pradesh is the primary producer of chillies in the country, followed by Karnataka, Rajasthan, and Gujarat. Chillies are grown for various uses, including vegetables, spices, condiments, sauces, and pickles. Among other major producers, India is the world's top producer and consumer of chilli. The demand for the world-famous Sannam S4 dry red chillies is very high worldwide. It is grown in the states of Andhra Pradesh, Rajasthan, Maharashtra, Assam, and Madhya Pradesh. Therefore, increasing the demand for cuisine and restaurant foods and consumer demand for flavoured foods will raise the growth of the dry chilli market, which will be anticipated to grow in the coming years.

Applicable Criteria:

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Wholesale Trading](#)

[Manufacturing Companies](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

Telangana-based Nava Padmini Spices was established in the year 2019 and promoted by Mr. Nagaraju Dongari. The firm is engaged in the processing (stem cut) and trading of chillies. The procurement of chillies is from the local farmers.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	76.81	151.56
PBILDT	0.65	3.35
PAT	0.56	0.95
Overall gearing (times)	3.80	6.23
Interest coverage (times)	2.03	2.02

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument / Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	20.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (20-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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