



## Press Release

### Valency Agro Private Limited

February 17, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	85.00 (Increased from Rs. 55.40 crore)	IVR BBB-/Stable <b>(IVR Triple B Minus with Stable Outlook)</b>	IVR BBB-/Stable <b>(IVR Triple B Minus with Stable Outlook)</b>	Rating Reaffirmed	<a href="#">Simple</a>
Short Term Bank Facilities	5.00	IVR A3 <b>(IVR A Three)</b>	IVR A3 <b>(IVR A Three)</b>	Rating Reaffirmed	<a href="#">Simple</a>
Long Term/Short Term Bank Facilities	35.00 (Increased from Rs. 20.00 crore)	IVR BBB-/Stable; IVR A3 <b>(IVR Triple B Minus with Stable Outlook; IVR A Three)</b>	IVR BBB-/Stable; IVR A3 <b>(IVR Triple B Minus with Stable Outlook; IVR A Three)</b>	Rating Reaffirmed	<a href="#">Simple</a>
Proposed Long Term/Short Term Bank Facilities	0.00* (Decreased from Rs. 28.60 crore)	-	IVR BBB-/Stable; IVR A3 <b>(IVR Triple B Minus with Stable Outlook; IVR A Three)</b>	Rating Reaffirmed*	<a href="#">Simple</a>
<b>Total</b>	<b>125.00</b>	<b>(Rupees One Hundred and Twenty-Five Crore Only)</b>			

\*Converted to sanction

**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 to the bank facilities of Valency Agro Private Limited (VAPL). The ratings continue to factor in the global presence of the group supported with experienced promoters, Cashew-focused portfolio with expanding offerings and increasing market share, increasing scale of operations. However, these rating strengths are partially offset by moderate capital structure and debt protection metrics, highly fragmented nature of the industry.

The outlook is stable in view of expected stable performance of the company with experienced promoters.



## Press Release

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial scaling up operations in terms of value and volume along with sustained & significant improvement in profitability.
- Substantial or sustained improvement in capital structure as well as debt protection metrics

#### **Downward Factors**

- Any decline in scale of operation and/or profitability leading to deterioration of debt protection metrics.
- Deterioration in working capital cycle and liquidity profile of the company.

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

#### **Key Rating Strengths**

##### **Global presence of the group supported with experienced promoters**

VAPL has been promoted by Valency International Pte Limited. The promoters of the parent company, Mr. Basba Nand Balodi, Mr. Praveen Kumar Jain, Mr. Pradeep Maheshwari and Mr. Ajaib Haridass is having experience of more than 3 decades in food and Agri business. Valency International Pte Limited has head office in Singapore. The group operates as an integrated supply chain with sourcing and marketing arrangements across the continents. The group's global presence gives advantage to VAPL in terms of raw material procurement from the global markets as well as agro product markets in India. VAPL has strong parentage and need based financial support available from its parent company Valency International PTE Limited.

##### **Cashew-focused portfolio with expanding offerings and increasing market share**

VAPL is engaged in purchasing, processing, and trading high-quality cashew kernels for wholesale and retail customers around the world. The product portfolio of the company includes Agro & Consumer Goods like Raw Cashew Nuts, Cashew Kernels, lentils, Ginger, Sesame, Pigeon Peas, Chickpeas, Black Eye Beans, Soyabean, Grains & Pulses but more than 90% of the revenue comes from cash kernal, raw cashew nuts and lentils. Company has also entered into branded retail and B2B distribution of agro products. VAPL



## Press Release

has presence pan-India and exports to countries like Dubai, Lagos, Ogun State, Singapore, Tema, UAE and Vietnam.

### **Increasing scale of operation**

VAPL has been making continuous efforts to increase its scale of operations. In FY24 (refers to period from April 01, 2023, to March 31, 2024), the sales of the company stood at Rs. 378.97 crore, previous year it was Rs. 302.07 crore. In terms of volume there has been increase in volume to 35,468 MT in FY24 from 34,427 MT in FY23. The sales in FY24 have gone up due to increase in sale of traded goods there is a rise of 48% in traded commodities compared to FY23 and for manufactured goods there is a rise of 24% in FY24 compared to FY23. In products there is increase in sale of lentils followed by Raw cashew.

### **Key Rating Weaknesses**

#### **Moderate capital structure and debt protection metrics**

Overall gearing has deteriorated from 1.15x as on March 31, 2023, to 2.45x as on March 31, 2024, due to increase in total debt from Rs. 29.45 crore in FY23 to Rs. 75.20 crore in FY24. TOL/TNW has remained high albeit improved from 5.02x as on March 31, 2023, to 4.37x as on March 31, 2024. Interest coverage and DSCR has moderated from 2.61x and 2.04x respectively in FY23 to 1.54x and 1.52x respectively in FY24 due to increase in interest expense from Rs. 4.28 crore in FY23 to Rs. 8.08 crore in FY24.

#### **Highly fragmented nature of the industry**

The agro commodity sector is highly fragmented with presence of numerous small players and low entry barriers, which affects the overall returns/profits of the various players. Moreover, changes in Government regulations pertaining to the industry can impact the industry dynamics as the export and import of agro products is highly regulated.

**Analytical Approach:** Standalone



## Press Release

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

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

### **Liquidity – Adequate**

The liquidity position is adequate as reflected from gross cash accruals of Rs. 7.35 Crore in FY24 against the debt repayment of Rs. 3.73 crore. The current ratio as of March 31, 2024, stood at 1.07x. The DSCR of the company is comfortable and above unity at 1.52x. The average utilisation for overall working capital facilities stood at 50.21% for the past 12 months ended December 2024 and cash and cash equivalents stood at Rs. 4.12 Crore as on March 31, 2024.

### **About the Company**

Valency Agro Private Limited erstwhile Nikhil Mercantile Private Limited was formed on November 23, 2007, and taken over in 2018 by Valency Agro Private Ltd (VAPL). Now the company is a 100% subsidiary of Global Group i.e., Valency International PTE Limited, Singapore. It has its office at Gurgaon, India. The company is engaged in purchasing, processing, and trading high-quality cashew kernels for wholesale and retail customers around the world. The product portfolio of the company includes Agro & Consumer Goods like Raw Cashew Nuts, Cashew Kernels, Lentils, Sesame, Pigeon Peas, Chickpeas, Black Matpe, Beans, Soyabean, Grains & Pulses.

VAPL has cashew processing centres at Udipi (Karnataka), Ahmedabad (Gujarat) and it has started packaging unit for retail sale of agro products at Kundli, Haryana.



## Press Release

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	302.07	378.97
EBITDA	11.16	12.41
PAT	3.65	5.31
Total Debt	29.45	75.20
Tangible Net Worth	20.12	30.69
EBITDA Margin (%)	3.70	3.28
PAT Margin (%)	1.21	1.38
Overall Gearing Ratio (x)	1.15	2.45
Interest Coverage (x)	2.61	1.54

\* 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 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
					Date (December 14, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Long Term Fund Based Bank Facilities	Long Term	85.00 (Increased from Rs. 55.40 crore)	IVR BBB-/Stable	IVR BBB-/Stable	-	-
2.	Short Term Fund Based Bank Facilities	Short Term	5.00	IVR A3	IVR A3	-	-
3.	Long Term/ Short Term Bank Facilities	Long Term/Short Term	35.00 (Increased from Rs. 20.00 crore)	IVR BBB-/Stable; IVR A3	IVR BBB-/Stable; IVR A3	-	-



## Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
					Date (December 14, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
4.	Proposed Long Term/Short Term Bank Facilities	Long Term/Short Term	0.00* (Decreased from Rs. 28.60 crore)	-	IVR BBB-/Stable; IVR A3	-	-

\*Converted to sanction

### Analytical Contacts:

Name: Jyotsna Gadgil

Tel: (020) 69015332

Email: [jyotsna.gadgil@infomerics.com](mailto:jyotsna.gadgil@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private 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.

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).





## Press Release

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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
Commodity Finance	-	-	-	-	85.00	IVR BBB-/Stable
Bill Discounting	-	-	-	-	5.00	IVR A3
Letter of Credit	-	-	-	-	35.00*	IVR BBB-/Stable; IVR A3

\* Cash credit is the sub-limit of letter of credit

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-valency-feb25.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).