

RATING RATIONALE

29 October 2025

Premier Agri Foods Pvt. Ltd

BWR assigns the ratings of “BWR BBB+/Stable” for the newly sanctioned cash credit facility of Rs 20.00 Crs, and the short term rating of “BWR A2+” for the sub limits, upgrade the ratings to “BWR BBB+/Stable” for the existing long term facilities of Rs 48.16 Crs, along with the removal of the ratings from the ISSUER NOT COOPERATING category and withdraw the long term rating of the term loan facility of Rs 4.83 Crs, as per the BWR Withdrawal Policy for the bank loan facilities of Premier Agri Foods Pvt. Ltd.

Particulars:

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous Ratings (02Apr2025)	Present Ratings
Fund based					
Term Loan-Sanctioned	4.83	0.00	Long Term	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	Withdrawal
Term Loan-Outstanding^	3.00	1.16	Long Term	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BBB+/Stable Upgrade and removal from ISSUER NOT COOPERATING* category
Cash Credit - Sanctioned	39.75	47.00	Long Term	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BBB+/Stable Upgrade and removal from ISSUER NOT COOPERATING* category
Cash Credit - Sanctioned	0.00	20.00	Long Term	-	BWR BBB+/Stable Assignment
Working Capital Demand Loan*** - Sublimit of CC (Rs 20.00 Crs)	0.00	(20.00)	Short Term	-	BWR A2+ Assignment

Non Fund Based					
PC/FBP/FBD - Sublimit of CC (Rs 47.00 Crs)	0.00	(3.00)	Short Term	-	BWR A2+ Assignment
Bank Guarantee - Sublimit of CC (Rs 47.00 Crs)	0.00	(5.00)	Short Term	-	BWR A2+ Assignment
Forward Contract - Sublimit of CC (Rs 47.00 Crs)	0.00	(10.00)	Short Term	-	BWR A2+ Assignment
Total	47.58	68.16	Rupees Sixty Eight Crores and Sixteen Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

#Details of instruments are provided in Annexures – I to IV

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

RATING ACTION/OUTLOOK: ASSIGNMENT/REAFFIRMATION/STABLE

BWR assigns the ratings of “BWR BBB+/Stable” for the newly sanctioned cash credit facility of Rs 20.00 Crs, and the short term rating of “BWR A2+” for the sub limits, upgrade the ratings to “BWR BBB+/Stable” for the existing long term facilities of Rs 48.16 Crs, along with the removal of the ratings from the ISSUER NOT COOPERATING category and withdraw the long term rating of the term loan facility of Rs 4.83 Crs, as per the BWR Withdrawal Policy for the bank loan facilities of Premier Agri Foods Pvt. Ltd.

The ratings are positively influenced by Seasoned Leadership and a robust market standing, which, since the company's 2007 incorporation, has fostered strong nationwide client relationships. This stability is underpinned by an Established and Stable Customer Base, including key FMCG and institutional clients, ensuring high revenue predictability and mitigating counterparty risk. Furthermore, the company exhibits a Healthy Financial Profile, evidenced by a record Rs 540.28 Crore FY25 revenue, improved Rs 8.81 Crore PAT, and significantly strengthened debt protection metrics (DSCR 4.77x, ISCR 5.81x). Finally, Strong Liquidity is maintained through net cash accruals and conservative working capital utilization, granting ample financial flexibility.

The client has fully repaid the term loan of Rs 6.00 Crs (sanctioned amount), which was earlier rated by BWR. The client submitted their request for the withdrawal of the rating assigned to the term loan facility on 31 August 2025. The No Dues Certificate confirming the same was issued on 03. September 2025. Hence, the ratings have been withdrawn as per the BWR Withdrawal Policy.

The company's ratings are primarily constrained by significant Market and Regulatory Vulnerability. The dairy industry inherently faces volatile milk prices and tight margins, exacerbated by the potential for sudden price shocks and disruptive changes in government policies, such as subsidies or import duties. Furthermore, the severe biological risk posed by epidemics can destabilize the supply

chain by instantly reducing milk output. This environment is compounded by intense tripartite competition from cooperatives, aggressive private brands, and the unorganized sector, which collectively limit pricing power and place continuous pressure on profitability.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. BWR believes 'Premier Agri Foods Pvt. Ltd. ' business risk profile will be maintained over the medium term. The outlook may be revised to Positive if a sustained increase in the scale of operations and higher than envisaged profitability result in an improved financial risk profile and better gearing and debt protection metrics. The outlook may be revised to Negative if lower than expected revenue or profitability, a stretch in the working capital cycle, unanticipated capex, or weakening gearing impact the financial risk profile.

KEY COVENANTS OF THE FACILITIES TO BE RATED:

The key covenants are the standard terms as stipulated in the sanction letter of the rated facilities.

KEY RATING DRIVERS:**CREDIT STRENGTHS - :**

- **Experienced Leadership and Market Presence:**

The leadership is anchored by Mr. Jag Mohan Gupta, the Managing Director, whose extensive industry expertise of over a decade has provided a profound understanding of business intricacies. This deep knowledge has been instrumental in establishing the "Prayag" brand as a trusted name in the Indian market, renowned for its authentic and highly nutritious products. Mr. Gupta's long-standing industry relationships have enabled the company to cultivate robust client ties with established, pan-India brands. Complementing this seasoned leadership, Mr. Ashish Gupta, who joined in 2020, brings a fresh perspective with a BBA in international business. His contributions have been vital in modernizing the company's production and marketing strategies, ensuring a resilient and well-regarded market presence since its incorporation in 2007.

- **Healthy Financial Profile:**

The company's financial profile is demonstrating strong and sustainable growth, effectively navigating temporary market headwinds. Despite a temporary contraction in revenue during FY24—primarily due to challenges like raw milk price volatility and competitive tender pressures—the organization executed a swift and decisive turnaround. This momentum culminated in a record-high provisional revenue of ₹540.28 Crores in FY25, surpassing the previous peak and reflecting successful strategic initiatives. Profitability metrics underscore this resilience, with OPBDITA remaining stable and Profit After Tax (PAT) improving from ₹8.44 Crores to ₹8.81 Crores, confirming healthy margin maintenance. Furthermore, the Tangible Net Worth (TNW) significantly strengthened to ₹85.30 Crores, driven by profit retention. Crucially, debt protection metrics have seen marked improvement: the Debt Service Coverage Ratio (DSCR) rose substantially from 3.68 to an ideal 4.77 times, and the Interest Service Coverage Ratio (ISCR) improved robustly to 5.81 times, indicating excellent financial health and a solid foundation for future expansion.

- **Strong Customer Profile:**

The company maintains a robust and well-established customer base, featuring prominent clients such as leading Fast-Moving Consumer Goods (FMCG) firms like Havmor Ice Cream Pvt. Ltd. and Britannia Industries Ltd., alongside revered religious institutions like the Tirumala Tirupati Devasthanam and Golden Temple. This diverse and high-profile clientele provides a consistent stream of recurring orders, which significantly mitigates counterparty credit risk. The long-term, repetitive nature of these business relationships not only demonstrates the company's reliability and strong market standing but also ensures a high degree of revenue predictability and visibility for its future operations. This solid foundation of repeat business from reputable customers is a key indicator of the company's financial stability and operational resilience.

CREDIT RISKS -:

- **Market and Regulatory Vulnerability:**

A primary concern is the inherent volatility in milk prices, which are influenced by seasonal factors and fluctuating input costs. Given the industry's tight operating margins, sudden price shocks could severely strain profitability across the value chain. Furthermore, changes in government regulations pose a significant risk, as shifts in subsidy programs, import/export duties, or food safety standards could disrupt market dynamics and require substantial operational adjustments. The industry also faces a considerable biological risk from epidemics, as an outbreak of diseases like lumpy skin disease or Foot-and-Mouth disease could lead to mass culling, reduced milk output, and increased veterinary costs, directly threatening supply chain stability. These combined risks present a formidable challenge to maintaining the industry's robust growth trajectory in the coming fiscal years.

- **Navigating a Tripartite Competition:**

The competitive landscape for dairy companies is highly challenging, with a tripartite structure exerting immense pressure on profitability. Organized cooperatives dominate through their vast, farmer-owned procurement networks and economies of scale, allowing them to offer competitive pricing and ensuring a stable supply. Simultaneously, private players are aggressively capturing market share through innovative marketing, strong brand building, and a focus on high-margin, value-added products. This dynamic competition forces companies to continuously innovate and invest in technology to stay relevant. Furthermore, the large and fragmented unorganized sector presents a constant threat by operating with lower overhead costs and catering to local, price-sensitive consumers, thereby limiting the pricing power of organized companies. Navigating these multiple fronts of competition is a key challenge for dairy companies, consistently pressurizing their profitability.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

To arrive at its ratings, BWR has evaluated the risk profile of SPY Agro Industries Limited on a standalone basis. BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the company's ability to expand its operational scale, boost profitability, enhance liquidity and credit profile, and effectively manage the working capital will be critical factors influencing its ratings.

Positive factors:-

- Significant growth in revenue by 20% on a sustained basis, along with a stable operating margin of over 10%.
- Sustained gearing levels below 1x.
- Any improvement in the capital structure and further improvement in debt protection metrics.

Negative factors:-

- Any decline in the scale of operations by 10% or more,
- Any decline in profitability below 5% or more.
- Deterioration in working capital management that adversely impacts the company's liquidity position.
- Capacity utilization below 70% or more.

LIQUIDITY POSITION: STRONG

Liquidity is marked by strong accruals against minor repayment obligations and an average working capital utilization ranging from approximately 45% to 78%. The company's Net Cash Accruals (NCA) demonstrated robust performance, reaching ₹11.86 Crores in FY24 and a provisional ₹12.22 Crores in FY25. These strong accruals comfortably surpass the relatively modest debt repayment obligations of ₹0.07 Crores and ₹0.96 Crores in the respective years. This trend of strong coverage is projected to continue in FY26, with an estimated NCA of ₹12.66 Crores against a manageable debt obligation of ₹0.96 Crores. With a low gearing ratio of 0.67 times in FY24 and 0.76 times as of FY25 (P), the company has sufficient gearing headroom for raising additional debt for its capital expenditure. The ample unutilized bank lines, combined with the management's capacity to inject funds, are more than adequate to meet any incremental working capital needs or unforeseen distress.

About the Company

Established on July 10, 2007 at Bareilly, Uttar Pradesh, Premier Agri Foods Pvt. Ltd. is a well-regarded dairy company founded by promoters with over a decade of industry experience, including directors Mr. Jag Mohan Gupta, Mrs. Renu Gupta, Mr. Ashish Gupta, and Mr. Ram Kumar Gupta. Operating a modern plant since April 2009, the company processes up to 600,000 liters of milk daily and produces a wide array of products under the PRAYAG brand, such as pasteurized milk, flavored milk, butter, ghee, and paneer. The facility's robust daily capacity includes manufacturing 50 MT of ISI-certified Skimmed Milk Powder (SMP) or Whole Milk Powder (WMP) and 30 MT of AGMARK-certified Pure Desi Ghee, in addition to packaging 200,000 liters of fresh milk and other products. Since its inception, Premier Agri Foods has built a strong reputation, supplying its high-quality products to prominent clients like Tirumala Tirupati Devasthanam, ITC Ltd, and Britannia Industries Ltd.

Key Financial Indicators :

Key Parameters	Unit	FY 22 - 23	FY 23 - 24	FY 24 - 25
Result Type		Audited	Audited	Provisional
Total Operating Income	Rs.Crs.	535.32	508.88	540.28
OPBDIT	Rs.Crs.	18.45	18.95	18.26
PAT	Rs.Crs.	9.31	8.44	8.81
Tangible Net Worth (TNW)	Rs.Crs.	68.05	76.50	85.30
Total Debt/TNW	Times	0.71	0.67	0.76
Current Ratio	Times	1.61	1.65	1.63

COMPLEXITY LEVELS OF THE INSTRUMENTS

BLR : Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

There is no non-cooperation with the previous credit rating agency.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities/ Instrument	Current Rating (Oct 2025)			Rating History		
	Type	Amount (Rs Cr)	Rating	02 April 2025	06 January 2024	2023
Term Loan-Sanctioned	Long Term	0.00	Withdrawal	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade	NA
Term Loan- Outstanding^	Long Term	1.16	BWR BBB+/Stable Upgrade and removal from ISSUER NOT COOPERATING* category	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade	NA
Cash Credit - Sanctioned	Long Term	47.00	BWR BBB+/Stable Upgrade and removal from ISSUER NOT COOPERATING* category	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade	NA

Cash Credit - Sanctioned	Long Term	20.00	BWR BBB+/Stable Assignment	BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade	NA
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Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#)
- [BWR Withdrawal Policy](#)
- [General Criteria](#)
- [Manufacturing Company](#)
- [Policy On Issuer Non -Cooperation](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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ANNEXURE I
Details of Long-term Bank Loan Facilities rated by BWR

Sr. No	Name of the bank/ lender	Facilities	Long Term (Rs. Crs)	Short term (Rs. Crs)	Total (Rs. Crs)	Complexity of the Instrument*
1	Bank of Baroda	Term Loan-Sanctioned	0.00	-	0.00	Simple
2	Bank of Baroda	Term Loan-Outstanding*	1.16	-	1.16	Simple
3	Bank of Baroda	Cash Credit - Sanctioned	47.00	-	47.00	Simple
4	HDFC Bank	Cash Credit - Sanctioned	20.00	-	20.00	Simple
5	HDFC Bank	Working Capital Demand Loan* - Sublimit of CC (Rs 20.00 Crs)	-	(20.00)	(20.00)	Simple
6	Bank of Baroda	PC/FBP/FBD - Sublimit of CC (Rs 47.00 Crs)	-	(3.00)	(3.00)	Simple
7	Bank of Baroda	Bank Guarantee - Sublimit of CC (Rs 47.00 Crs)	-	(5.00)	(5.00)	Simple
8	Bank of Baroda	Forward Contract - Sublimit of CC (Rs 47.00 Crs)	-	(10.00)	(10.00)	Simple
		Total	68.16	-	68.16	-

*For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II
Details of NCDs rated by BWR - Nil

Annexure III
Details of IPDIs rated by BWR

* For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE IV
Details of Subordinated Debt rated by BWR - Nil

* For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

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