



## Press Release

### Indian Green Revolution Private Limited

**December 31, 2024**

#### Ratings

| Facility              | Amount<br>(Rs. crore)                              | Current<br>Ratings  | Previous<br>Ratings   | Rating<br>Action | Complexity<br>Indicator |
|-----------------------|--|---|---|------------------|-------------------------|
| Long Term<br>Facility | 30.00  | IVR BB-/ Stable<br>(IVR Double B<br>Minus with Stable<br>outlook) | IVR BB-/ Stable<br>(IVR Double B<br>Minus with Stable<br>outlook) | Reaffirmed       | <a href="#">Simple</a>  |
| <b>Total</b>          | <b>30.00</b><br><b>(INR thirty crore<br/>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

The reaffirmation of the long-term rating assigned to the bank facility of Indian Green Revolution Private Limited (IGRPL) continues to drive strength from the experienced promoters and long track record of operations coupled with support from the group company for supply of sugar, and efficient working capital management. However, these rating strengths are partially constrained by the fact that IGRPL has relatively modest scale of operations, highly leveraged capital structure and below average debt protection metrics, exposure to agro-climatic risks and cyclical trends in sugar business, susceptibility to regulatory changes and volatile sugar prices.

The long-term rating outlook remains stable as the entity will continue to benefit from long track record of operations and the extensive experience of the promoters.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained growth in scale of operations with improvement in profitability and cash accruals
- Improvement of the capital structure and sustained improvement in debt protection metrics

##### Downward Factors

- Decline in the operating income and/or profitability impacting the cash accrual and debt coverage indicators



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- Deterioration in the capital structure and/ or coverage indicators
- Elongation in working capital cycle leading to deterioration in liquidity position

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced promoters and long track record of operations coupled with support from the group company for supply of sugar**

The promoter Ms. Kunj Deep Kalra has more than a decade of industrial and operational experience. Long track record of operations under experienced promoter supports the business risk profile of the company to an extent. Furthermore, the sugar is procured from the group company, Indian Sucrose Limited. Indian Sucrose Limited supplies part of the sugar produced to IGRPL for trading in North Indian region. The company belongs to Yadu Corporation, a well-known name in manufacturing, marketing and trading of sugar.

##### **Efficient working capital management**

The working capital management of the company improved marked by the operating cycle of negative 5 days as on 31st March 2024 as compared to 45 days as on 31st March 2023. The comfortable level of operating cycle is primarily on account of efficient collection mechanism during the same period. The debtor period stood comfortable at 7 days as on 31st March 2024 slightly increasing from 2 days as on 31st March 2023. The inventory holding stood moderated at 84 days as on 31st March 2024 as compared to 109 days as on 31st March 2023. Further, the creditor period increased to 95 days as on 31st March 2024 as compared to 66 days as on 31st March 2023. The working capital operations of the company will remain at same level as evident from efficient collection mechanism and moderate inventory levels over the medium term.

#### Key Rating Weaknesses

##### **Relatively modest scale of operations**

The company started its sugar trading operation in 2021 and were in a nascent stage till mid-2022, which in turn resulted in achieving a smaller revenue of Rs.39.10 crore in FY2022 (refers



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to period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022). Nevertheless, the revenue of the company witnessed a comfortable y-o-y growth of ~26 per cent to Rs.131.87 crore during FY2024 (refers to period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) from Rs. 104.61 crore during FY2023 (refers to period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023), as it has established its operations and relationships with the customers besides increase in sales price per quintal along with increase in volume of sales of sugar. IGRPL has already achieved a revenue of Rs.66.50 crore from 1<sup>st</sup> April 2024 to 30th November 2024. However, the EBITDA of the company decreased to Rs. 5.07 crore in FY2024 compared to Rs. 6.09 crore in FY2023 on account of purchase price increase outpacing sales price rise per quintal of sugar. Again, the EBITDA margin of the company decreased to 3.84% in FY2024 compared to 5.83% in FY2023. Consequently, the PAT margin of IGRPL decreased to 1.88% in FY2024 compared to 1.91% in FY2023. The profitability margins of the company remain thin due to the inherent nature of operations of the trading business.

### **Highly leveraged capital structure and below average debt protection metrics**

The weak financial risk profile of the company is marked by its highly leveraged capital structure. The adjusted tangible net worth (adjusted for investment in related entity of Rs. 1.44 crore) of the company increased to Rs. 4.50 crore as on March 31, 2024 from Rs.1.98 crore as on March 31, 2023 due to accretion of reserves. Further, the gearing of the company stood on a higher side at 9.66x times as on March 31, 2024 as against 9.31x as on March 31, 2023 and the Total Outside Liabilities/Adjusted Tangible Net Worth (adjusted for investment in related entity of Rs. 1.44 crore) also stood high at 18.69x as on March 31, 2024 as against 24.55x as on March 31, 2023. Moreover, the debt protection metrics of IGRPL stood below average marked by Interest Coverage Ratio at 1.63x as on March 31, 2024 and Debt Service Coverage Ratio at 1.94x as on March 31, 2024. The total debt/EBITDA stood moderate at 8.57x as on March 31, 2024.

### **Exposure to agro-climatic risks and cyclical trends in sugar business**

Cane production remains a function of agro-climatic conditions, which ultimately impacts the volumes and realisations of sugar and its by-products. Lower than expected rainfall in the firm's catchment area can result in restricted cane availability, thus impacting the crushing



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volumes for the season. Further, the sugar business remains vulnerable to any unfavourable changes in Government policies related to sugar trade.

### **Susceptibility to regulatory changes and volatile sugar prices**

The sugar industry is driven by inherent cyclical nature, domestic players remain vulnerable to volatile sugar prices, which are driven by the production levels. Any change in sugar prices can adversely impact profitability of millers. Further, Government intervention also exists to control the sugar prices to curb food inflation and stabilize the sugar prices in the domestic market.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### **Liquidity – Adequate**

The company will maintain adequate liquidity position going forward due to consistently increased accruals against minimal long term debt service obligations. The steady net cash accruals will stand at Rs.4.27 crore as on March 31, 2025, as against long term debt repayment of Rs. 1.14 crore over the same period. The cash and bank balances of the company stood at Rs. 13.11 crore as on March 31, 2024. However, the liquidity ratios of IGRPL stood below average marked by Current Ratio at 1.06x as on March 31, 2024 and quick ratio at 0.60x as on March 31, 2024. Again, the average fund based bank limit remains utilised at ~99% over the 12 months ended November, 2024.

### **About the Company**

Incorporated in 1997, as Jangatha Publications Private Limited, the Uttar Pradesh based company had started off with trading activities primarily in the grocery and non-edible FMCG



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segment. Later in 2012, it was renamed as Indian Green Revolution Private Limited. The company belongs to the group Yadu Corporation, a well-known name in manufacturing, marketing and trading of sugar. Currently, the company is engaged in trading of sugar, jaggery, icing sugar, sugar powder etc. in North Indian region. IGRPL procures sugar from one of its group companies, who manufactures sugar, Indian Sucrose Limited.

### Financials (Standalone):

(Rs. crore)

| For the year ended/ As on*   | 31-03-2023     | 31-03-2024     |
|------------------------------|----------------|----------------|
|                              | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income       | 104.61         | 131.87         |
| EBITDA                       | 6.09           | 5.07           |
| PAT                          | 2.00           | 2.51           |
| Total Debt                   | 18.43          | 43.43          |
| Adjusted Tangible Net Worth^ | 1.98           | 4.50           |
| EBITDA Margin (%)            | 5.83           | 3.84           |
| PAT Margin (%)               | 1.91           | 1.88           |
| Overall Gearing Ratio^ (x)   | 9.31           | 9.66           |
| Interest Coverage (x)        | 1.78           | 1.63           |

\* Classification as per Infomerics' standards.

^adjusted for investment in related entity of Rs. 1.44 crore.

**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 |
|         |                             |                                |                                |                 | (Nov 23, 2023)                          | (Sep 29, 2023)                 | (Aug 30, 2022)                          | -                                       |
| 1.      | Cash Credit                 | Long Term                      | 30.00                          | IVR BB-/ Stable | IVR BB-/ Stable                         | IVR B+ ISSUER NOT COOPERATING* | IVR BB-/ Stable                         | -                                       |

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

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### 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.

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### Annexure 1: Instrument/Facility Details:

| Name of Facility/<br>/Security | ISIN | Date of<br>Issuance | Coupon<br>Rate/ IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs. Crore) | Rating<br>Assigned/<br>Outlook |
|--------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Cash Credit                    | -    | -                   | -                   | -                | 30.00                              | IVR BB-/ Stable                |

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Indian-Green-31dec24.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).