



Press Release

Indian Green Revolution Private Limited

August 30, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facility	30.00	IVR BB-/ Stable (IVR double B minus with Stable outlook)	Assigned	Simple
Total	30.00 (INR Thirty crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facility of Indian Green Revolution Private Limited (IGRPL) derives strength from experienced promoters and long track record of operations and support from the group company for supply of sugar. However, these rating strengths are constrained by small scale of current operations, financial risk profile characterised by an aggressive capital structure, high working capital intensity of operations, exposure to agro-climatic risks and cyclical trends in sugar business, susceptibility to regulatory changes and volatile sugar prices.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of operations with improvement in profitability and cash accruals
- Improvement in the capital structure and debt protection metrics with - overall gearing ratio to remain below 2x
- Manage working capital requirement efficiently with improvement in liquidity

Downward Factors

- Deterioration in operating income and/or profitability and cash accrual impacting the debt protection metrics and liquidity
- Elongation in the operating cycle impacting the liquidity
- Any substantial loans and advances and/ or investments in subsidiaries and group companies which might adversely impact the company's liquidity position



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and long track record of operations**

The promoter Ms. Kunj Deep Kalra has more than a decade industrial and operational experience. Long track record of operations under experienced promoter supports the business risk profile of the company to an extent.

- **Support from the group company for supply of sugar**

The sugar is procured from the group company Indian Sucrose Limited rated by Infomerics (IVR BBB-/Stable/IVR A3). Indian sucrose limited supplies part of the sugar produced to IGRPL for trading in North Indian region at lesser cost than available in the market. The Company belongs to Yadu Corporation, a well known name in manufacturing, marketing and trading of sugar.

Key Rating Weaknesses

- **Small scale of current operations**

The company commenced its operation in FY19 and started full fledged trading in 2021. The total operating income of IGRPL remained moderate at Rs. 39.10 crore in FY22 though increased from Rs.18.05 crore in FY21 (Rs. 0.45 crore in FY20) with y-o-y growth of 1.16x due to increase in the demand for sugar as the company was able to tie up with the dealers and distributors. With the increase in the total sales absolute EBIDTA doubled to Rs.1.01 crore in FY22 from Rs. 0.50 crore in FY21 and PAT increased to 0.72 crore in FY22 from 0.42 crore in FY21. The EBIDTA and PAT margin remained range bound at 1.02 to 2.58% and 0.7% to 1.84% respectively during the last three fiscal years. The EBIDTA margin and PAT margin declined to 2.58% and 1.84% in FY22 from 2.77% and 2.34% in FY21 respectively.

- **Financial risk profile characterised by an aggressive capital structure**

The capital structure of the company comprises of working capital demand loan and is highly leveraged due to lower capital base and lower tangible networth as FY22 is the second year of operations. The gearing ratio stood high at 26.10x as on March 31,2022 and increased



Press Release

from 0.19x as on March 31, 2021 (7.96 as on March 31, 2020). Long Term Debt to Equity also stood high at 2.81x as on March 31, 2022 and increased from 0.19x as on March 31, 2021 (7.96 as on March 31, 2020). Total Indebtedness of the company stood high at 32.45 as on March 31, 2022 increased from 3.85 as on March 31, 2021 (46.81x as on March 31, 2020). TOL/ATNW (adjusting the unsecured loan from group companies) stood at 8.51x as on March 31, 2022 increased from 3.23x as on March 31, 2021 (5.22x as on March 31, 2020). The debt coverage ratios show erratic figure since last three fiscal years due to inconsistency of the profitability as the operation started actively in 2021.

- **High working capital intensity of operations**

The company's operations remain working capital intensive inherent to the sugar industry depicted by its elongated operating cycle over the years propelled by year-end inventory build-up. The inventory consists largely of sugar stocks which are liquidated especially in the first half of a given fiscal. The total operating remained high and range bound at 249days to 236 days due to high inventory holding days of 255 days to 229 days during the last three fiscal years.

- **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 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](#)



Press Release

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

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near term marked by its adequate profitability and low gross cash accrual. The debt repayment obligation of the company is low in the near term which imparts comforts. However, the average utilisation of its fund based limits remained high at ~94% in the past 7 months ended June 2022 indicating a low liquidity buffer.

About the Company

The Company was originally incorporated with name Jangatha Publications Private Limited on April 29, 1997 thereafter the name was changed to Indian Green Revolution Private Limited on September 26, 2012. The Company was originally formed to carry on the business of manufacturing and trading of grocery and also to carry out non food consumer products such as cosmetics, toiletries, sanitarries and likewise products. Presently, the company is engaged in trading of sugar, jaggery, icing sugar, sugar powder etc for one of its group companies Indian Sucrose Limited and started its operation in FY19. The Company belongs to Yadu Corporation, which has established itself in marketing and trading of Sugar.

Financials (Standalone):

(Rs. crore)		
For the year ended* / As on	31.03.2021	31.03.2022
	Audited	Provisional
Total Income	18.05	39.10
EBIDTA	0.50	1.01
PAT	0.42	0.72
Total Debt	0.08	30.13
Tangible Net Worth	0.43	1.15
Adjusted Tangible Networkth	0.52	4.40
EBDITA Margin (%)	2.77	2.58
PAT Margin (%)	2.34	1.84
Overall Gearing Ratio (x)	0.19	26.10

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA : Nil



Press Release

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based Working Capital	Long Term	30.00	IVR BB-/Stable	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Preety Jalan Tel: (033)- 46022266 Email: preety.jalan@infomerics.com	Name: Sandeep Khaitan Tel: (033)- 46022266 Email: sandeep.khaitan@infomerics.com
----------------------------------------------------------------------------------	----------------------------------------------------------------------------------------

About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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, suspend 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



Press Release

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: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based Working Capital	-	-	-	30.00	IVR BB-/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details;

<https://www.infomerics.com/admin/prfiles/Len-Indian-Green-Revolution-aug22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.