



## Press Release

### Indian Green Revolution Private Limited

November 23, 2023

#### Ratings

Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	30.00	IVR BB-/ Stable (IVR Double B minus with Stable outlook)	Revised from IVR B+/ Negative ISSUER NOT COOPERATING* (IVR B plus with Negative outlook Issuer Not Cooperating) and removed from Issuer Not Cooperating category	Simple
<b>Total</b>	<b>30.00</b> <b>(Rupees Thirty crore only)</b>			

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

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Earlier Infomerics had moved the rating of Indian Green Revolution Private Limited (IGRPL) into Issuer Not Cooperating category vide its press release dated September 29, 2023, due to non-submission of information required for detailed review of the company. However, the Company has started cooperating and submitted required information. Consequently, Infomerics has removed the rating from 'ISSUER NOT COOPERATING' category and revised the rating.

The revision in the rating assigned to the bank facilities of Indian Green Revolution Private Limited (IGRPL) has derived strength from experienced management of the company, support from the group company, improvement in scale of operations in FY2023 and efficient working capital management. However, these rating strengths are constrained due to highly leveraged capital structure, below average debt protection metrics, exposure to agro-climatic risks, susceptibility to regulatory changes and cyclical trends in sugar business.

#### Key Rating Sensitivities:



## Press Release

### 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
- 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 management coupled with strategic support from group company**

The key promoter of IGRPL, Mrs. Kunj Deep Kalra has been in the trading business for more than a decade. The experience of the promoter has supported the company to establish in the market. Moreover, the company belongs to the group Yadu Corporation, a reputed name in manufacturing, marketing and trading of sugar. IGRPL procures sugar from one of its group company, who manufactures sugar, Indian Sucrose Limited (rated at IVR B/ Stable Outlook/IVR A4). Going forward, this strategic support will benefit the company to improve the business risk profile to an extent.

- **Efficient working capital management**

The working capital management of the company is efficient marked by the operating cycle of 48 days as on 31<sup>st</sup> March, 2023 as compared to 162 days as on 31<sup>st</sup> March, 2022. The comfortable level of operating cycle is primarily on account of efficient collection mechanism during the same period. The debtor period stood comfortable at 2 days as on 31<sup>st</sup> March, 2023 as compared to 6 days in 31<sup>st</sup> March 2022. However, the inventory holding stood high at 112 days as on 31<sup>st</sup> March 2023 as compared to 190 days as on 31<sup>st</sup> March 2022. Further, the creditor period increased to 66 days as on 31<sup>st</sup> March 2023 as



## Press Release

compared to 34 days as on 31<sup>st</sup> March 2022. 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 small scale of current operations and thin profitability**

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 Cr in FY2022. Nevertheless, the revenue of the company witnessed a substantial y-o-y growth of 167 per cent to Rs.104.61 Cr in FY2023, as it has established its operations and relationships with the customers. IGRPL has already achieved a revenue of Rs.80.05 Cr as on 30th September 2023.

In addition to this, the EBITDA of the company increased to Rs.6.09 Cr in FY2023 compared to Rs.1.58 Cr in FY2022 on account of decrease in packaging and logistics expense and PAT of the company increased to Rs.2 Cr in FY2023 compared to Rs. 0.98 Cr in FY2022. Again, the EBITDA margin of the company increased to 5.83% in FY2023 compared to 4.04% in FY2022. However, the PAT margin of IGRPL decreased to 1.91% in FY2023 compared to 2.46% in FY2022 due to an increase in interest expense. 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 tangible net worth (TNW) of the company increased to Rs.3.42 Cr as on March 31, 2023 from Rs.1.40 Cr as on March 31, 2022 due to accretion of reserves. Further, the gearing of the company stood on a higher side at 5.40x times as on March 31, 2023 as against 23.24x as on March 31, 2022 and the Total outside Liabilities/Tangible Net Worth (TOL/TNW) also stood high at 14.23x as on March 31, 2023 as against 28.87x as on March 31, 2022. Moreover, the debt protection metrics of IGRPL stood below average marked by Interest Coverage Ratio at 1.78x as on March 31, 2023 and Debt



## Press Release

Service Coverage Ratio at 1.60x as on March 31, 2023. The total debt/EBITDA stood moderate at 3.02x as on March 31, 2023.

- **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 entity'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](#)

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

[Criteria of assigning rating outlook](#)

**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 stood at Rs.2.04 Cr as on March 31, 2023 as against long term debt repayment of Rs.0.16 Cr over the same period. The cash and bank balances of the company stood at Rs.0.18 Cr as on March 31, 2023 as compared to Rs.0.09 Cr as on March 31, 2022. However, the liquidity ratios of IGRPL stood below average marked by Current Ratio at 1.07x as on March 31, 2023 and Quick Ratio at 0.56x as on March 31, 2023. Again, the average fund



## Press Release

based bank limit remains utilised at 65 per cent over the eight months ended October, 2023. There have been instances of overdrawing in the account in April 2023 for 1 day, in May 2023 for 2 days and in July 2023 for 1 day.

### **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 segment. Later in 2012, it was renamed as Indian Green Revolution Private Limited. The company belongs to the group Yadu Corporation, a reputed 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 company, who manufactures sugar, Indian Sucrose Limited.

### **Financials: Standalone**

**(Rs. crore)**

<b>For the year ended* / As On</b>	<b>31-03-2022</b>	<b>31-03-2023</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	39.10	104.61
EBITDA	1.58	6.09
PAT	0.98	2.00
Total Debt	32.65	18.43
Tangible Net worth	1.40	3.42
EBITDA Margin (%)	4.04	5.83
PAT Margin (%)	2.50	1.91
Overall Gearing Ratio (x)	23.24	5.40

*\*Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**Rating History for last three years:**



## Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned  September 29, 2023	Date(s) & Rating(s) assigned in 2022-23  August 30, 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Working Capital	Long Term	30.00	IVR BB-/ Stable	IVR B+/- Negative ISSUER NOT COOPERATING	IVR BB-/ Stable	-	-

### Name and Contact Details of the Rating Analyst:

Name: Kaustav Saha Tel: (033) 48033621 Email: <a href="mailto:kaustav.saha@infomerics.com">kaustav.saha@infomerics.com</a>	Name: Sandeep Khaitan Tel: (033) 48033621 Email: <a href="mailto:sandeep.khaitan@infomerics.com">sandeep.khaitan@infomerics.com</a>
--	---

### 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.



## Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://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, 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: 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-IndianGreen-nov23.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](http://www.infomerics.com).