



Press Release

Nutrifresh Farm Tech India Private Limited (NFTIPL)

January 16, 2024

Ratings:

Instrument / Facility	Amount (Rs crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	37.44	IVR BBB- / Stable (IVR Triple B minus with Stable Outlook)	Assigned	Simple
Proposed Term Loan	0.56	IVR BBB- / Stable (IVR Triple B minus with Stable Outlook)	Assigned	Simple
Total	38.00 (Rupees Thirty- eight crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings assigned to the bank facilities of Nutrifresh Farm Tech India Private Limited continue to derive strength from its long experience of promoter, established operations with increase in capacity and varieties, improved profitability leading to better scope of business and comfortable debt coverage indicators. However, the rating strengths are partially offset by geographical diversification and highly fragmented and regulated nature of the industry.

Key Rating Sensitivities:

Upward Factors:

- Substantial improvement in revenue and/or profitability margins leading to sustained improvement in debt coverage indicators may lead to a positive rating action.

Downward Factors:

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt coverage indicators may lead to a negative rating action.



Press Release

Key Rating Drivers with detailed description:

Key Rating Strengths:

Long experience of promoter:

Mr. Sanket Mehta is Co-founder and CEO and Mr. Ganesh Nikam is Co-founder and CFO of the company. Mr. Sanket started with open field sugarcane cultivation alongside Mr. Ganesh who came from an agrarian family. Mr. Sanket and Mr. Ganesh then ventured into the Floriculture business, scaled up open field farming to 250 acres and eventually started Hydroponic farming in 2019 with Nutrifresh Farms. Mr. Sanket leads the Sales and Marketing operations for Nutrifresh. Mr. Ganesh's deep agrarian experience has been the backbone for Nutrifresh Farms. Mr. Ganesh handles Finance and Operations at Nutrifresh.

Established operations with increase in capacity and varieties:

The company has 48 acres of land with 80-90% of capacity utilization, 6 locations within Pune. Nutrifresh team has developed SOPs for 42 SKUs of fruits, vegetables, and leafy greens with in-house team of agronomists. The seedlings are first grown in the in-house nursery and then shifted to the hydroponic farms.

Improved profitability leading to better scope of business:

The company has started in December 2019, the revenue has improved over past 2 years at a CAGR of 170%. TOI of company has increased to Rs.61.03 crore in FY23, to Rs. 27.75 crore in FY22 from Rs. 8.35 crore in FY21. Absolute EBITDA and PAT have improved and stood at Rs.9.41 Cr. and Rs.1.36 Cr. in FY23 as against Rs. 3.27 Cr. and Rs. 0.64 Cr. in FY22. Subsequently, the EBITDA margin improved and stood at 15.42% in FY23 from 11.78% in FY22 and PAT Margin stood in similar lines at 2.22% in FY23.

Comfortable debt coverage indicators:

Capital structure of Nutrifresh had moderated as marked by its overall gearing ratio of 0.59 times as on March 31, 2023, as compared to 0.56 times as on March 31, 2022. The debt coverage indicators also remained at comfortable level as marked by Interest coverage ratio of 3.39 times as on March 31, 2023.



Press Release

Key Rating Weaknesses

Geographical Diversification:

As vegetables and fruits are perishable items to keep it fresh, till FY23, Nutrifresh was supplying most of its produce majorly to Mumbai and Pune only. Now it has started its supplies to other cities as well.

Highly fragmented and regulated 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 industry is highly regulated.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

Liquidity – Adequate

The Company had a comfortable current ratio of 2.42x on March 31, 2023. The average utilisation of working capital limits was moderate at around 83% for the 12 months ended October 2023. No capex is planned for FY24-26. The overall liquidity of the company is Adequate.

About the Company

Nutrifresh Farm Tech (I) Private Limited was established in December 2019 in Pune. Mr. Sanket Mehta is Co-founder and CEO and Mr. Ganesh Nikam is Co-founder and CFO of the company. Nutrifresh is tech enabled Controlled Environment Agricultural (CEA) Company focused on Hydroponic Farming based in Pune, India. The company offers consistent, residue free produce year-round to India's leading quick commerce companies and modern trade retailers as well as sells direct to consumer in Mumbai and Pune market. Over the last three years of operations, the company has developed standard operating practices for over 42



Press Release

SKUs of fruits/vegetables/leafy greens and has developed a modular approach to farming delivering strong revenue growth while remaining profitable.

Financials: Standalone

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	27.75	61.03
EBITDA	3.27	9.41
PAT	0.64	1.36
Total Debt	20.97	32.10
Adjusted Tangible Net-worth	37.14	54.07
Ratios		
EBITDA Margin (%)	11.78	15.42
PAT Margin (%)	2.29	2.22
Overall Gearing Ratio (x)	0.56	0.59

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	9.15	IVR BBB-/ Stable	-	-	-
2.	Term loan I	Long Term	14.79	IVR BBB-/ Stable	-	-	-
3.	Term loan II	Long Term	3.50	IVR BBB-/ Stable	-	-	-
4.	Cash Credit	Long Term	10.00	IVR BBB-/ Stable	-	-	-



Press Release

5.	Proposed Term Loan	Long Term	0.56	IVR BBB-/ Stable	-	-	-
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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.

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Press Release

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	December 2030	9.15	IVR BBB-/ Stable
Term Loan I	-	-	September 2028	14.79	IVR BBB-/ Stable
Term Loan II	-	-	September 2028	3.50	IVR BBB-/ Stable
Cash Credit	-	-	Revolving	10.00	IVR BBB-/ Stable
Proposed Term Loan	-	-	-	0.56	IVR BBB-/ 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-NFTIPL-jan24.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 based on complexity and a note thereon is available at www.infomerics.com.