

Press Release

Holy Green Energy Private Limited (APSPL)

July 05, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE B+/Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of **'ACUITE B+' (read as ACUITE B plus)** on the Rs. 8.00 crore bank facilities of Holy Green Energy Private Limited. The outlook is **'Stable'**.

Holy Green Energy Private Limited (HGEPL) was incorporated in 2010 as a Nagpur based company. It is promoted by Mr. Kamal Kumar Agarwal, Mr. Sushil Kumar Agarwal, Mr. Aniket Agarwal and Mr. Shyam Sundar Mohanlal Agarwal and is engaged in the manufacturing of printed and laminated flexible packaging items. The company has its manufacturing unit located in Nagpur (Maharashtra) with an installed capacity of 3600 MTPA.

Key Rating Drivers

Strengths

Experienced management:

The directors of the company Mr. Kamal Kumar Agarwal, Mr. Sushil Kumar Agarwal Mr. Aniket Agarwal and Mr. Shyam Sundar Mohanlal Agarwal have more than two decades of experience in the food and packaging industry. The company engaged into manufacturing of printed and laminated flexible packaging.

Average financial risk profile:

The average financial risk profile of the company is marked by moderate net worth, high gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.4.94 crore in FY2017 as compared to Rs.4.09 crore in FY2016, mainly on account of retention of current year profit. Net worth includes unsecured loan of Rs. 3.18 crores which is subordinated to bank debt and hence treated as quasi equity by Acuité. The gearing of the company stood high at 2.20 times in FY2017 as compared to 1.96 times in FY2016. The total debt of Rs.10.89 crore consists of long-term debt of Rs.7.72, and short term debt of Rs.3.17 crore. The interest coverage ratio (ICR) of the company stood comfortable at 2.58 times in FY2017 as compared to 0.81 times in FY2016. The debt service coverage ratio (DSCR) of the company stood comfortable at 2.35 times in FY2017 as compared to 0.97 times in FY2016. The net cash accruals against the total debt stand comfortable at 0.13 times in FY2017.

Weaknesses

Working capital intensive nature of operation:

The working capital intensive nature of operations is marked by high gross current asset days of 115 days in FY2017 as compared to 110 days in FY2016. The inventory days are moderate at 37 days in FY2017 as compared to 57 days in FY2016. The debtor days stand at 43 days in FY2017 and 31 days in FY2016 respectively.

Moderate scale of operation

The scale of operation stood moderate at Rs.19.27 crore in FY2017 as compared to Rs.7.52 crore in FY2016. The company has booked Rs.25.06 crore as on 31st March FY2018 (Provisional).

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

ACUITÉ believes the outlook on HGEPL rated facilities will remain stable over the medium term backed by its experienced management. The outlook may be revised to 'Positive' in case the scale of operation improves and its efficiently managing its working capital cycle. The outlook may be revised to 'Negative' in case of the company its working capital cycle gets stretched or its financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	19.27	7.52
EBITDA	Rs. Cr.	2.69	0.76
PAT	Rs. Cr.	0.59	(0.33)
EBITDA Margin	(%)	13.95	10.07
PAT Margin	(%)	3.08	(4.35)
ROCE	(%)	13.51	4.46
Total Debt/Tangible Net Worth	Times	2.20	1.96
PBDIT/Interest	Times	2.58	0.81
Total Debt/PBDIT	Times	4.05	10.57
Gross Current Assets (Days)	Days	115	110

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>
- Manufacturing Entities – <https://www.acuite.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITÉ B+/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITÉ B+/Stable (Assigned)

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