

Press Release

Greenfield Agro Industries

July 19, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 10.00 crore bank facilities of Greenfield Agro Industries . The outlook is '**Stable**'.

Greenfield Agro Industries (GAI) was established as a partnership concern in 2017 by Mr. Parveen Goel, Mr. Akshay Kumar and Mrs. Alka Gill. The firm is engaged in rice milling of par boiled rice in Karnal, Haryana with an installed capacity of 6 metric tonnes per hour.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

The key raw material is paddy for rice milling which is present in abundance in northern region of the country like Punjab, Uttar Pradesh, Uttarakhand and Delhi. The proximity ensures smooth supply of raw materials. Also, from logistics point of view Karnal is well connected with road and rail network.

Weaknesses

- **Nascent stage of operations**

The operations of the firm are at very nascent stage so the firm has to optimally utilize its capacity to generate cash flows to meet their outstanding debt obligations.

- **Competitive and fragmented nature of business**

The firm functions in highly competitive industry due to low barriers to entry which results in intense competition from both organized and unorganized players in the industry.

Analytical Approach

ACUITÉ has considered the standalone business and financial risk profiles of GAI to arrive at the rating.

Outlook: Stable

ACUITÉ believes that the entity will maintain its stable business risk profile on account of the management's experience in the rice business and proximity to raw materials. The outlook may be revised to positive in case of optimal utilization of capacity leading to improvement in revenues and accruals. Conversely, the outlook may be revised to negative in case of any deterioration in scale of operations.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	8.17	0.00	0.00
EBITDA	Rs. Cr.	0.81	0.00	0.00
PAT	Rs. Cr.	0.02	0.00	0.00
EBITDA Margin	(%)	9.93	0.00	0.00
PAT Margin	(%)	0.28	0.00	0.00
ROCE	(%)	4.72	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.81	0.00	0.00
PBDIT/Interest	Times	4.35	0.00	0.00
Total Debt/PBDIT	Times	8.08	0.00	0.00
Gross Current Assets (Days)	Days	242	0	0

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.75	ACUITE B / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	4.25	ACUITE B / Stable

Contacts

Analytical	Rating Desk
Suman Chowdhury President - Rating Operations Tel: 022-67141107 suman.chowdhury@acuite.in Kunal Khera Analyst - Rating Operations Tel: 022-67141116 kunal.khera@acuiterratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuite Ratings & Research:

Acuite Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II

norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: *An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.*