

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

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

Outlook: Stable

ACUITE 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

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About Acuité Ratings & Research:

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