

Press Release

Fanidhar Mega Food Park Private Limited

August 17, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 49.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB-**' (**read as ACUITE BB minus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 49.00 crore bank facilities of Fanidhar Mega Food Park Private Limited. The outlook is '**Stable**'.

FMFP was incorporated in 2010 as a special purpose vehicle (SPV) to undertake a Mega Food Park project in Mehsana district of Gujarat under the Ministry of Food Processing Industries (MoFPI) by the name 'Mega Food Parks Scheme'. It is engaged in developing infrastructure for food processing industry. The project has commenced from February, 2018 and is expected to complete in December, 2019.

Key Rating Drivers

Strengths

- **Extensive experience of FMFP's promoters across business segments**

FMFP incorporated in 2010 by Mr. Krunal Patel and Mr. Rushabh Patel is engaged in developing infrastructure for food processing industry. The promoters and his family has market presence in the food processing industry for over two decades.

- **Government support and approved project as well as strategic location of the project**

Mega Food Park is a scheme launched by Ministry of Food Processing Industry (MoFPI) in the 11th five year plan. The primary objective of the Scheme is to provide modern infrastructure facilities for food processing along with the value chain from the farm to the market with a cluster based approach based on a hub and spokes model. The financial assistance under the scheme to mega food parks is provided in the form of grant-in-aid, 50 percent of eligible project cost in general areas or maximum of Rs.50.00 crore per project whichever is lower. Mega Food park is located at Mehsana (Gujarat) which is well connected with road and railways infrastructure. The location is 8 Km from Ahmedabad-Mehsana State Highway, 25 kms away from Mehsana railway station, 52 km from Ahmedabad Airport, 325 km from Mundra sea ports and 293 km from Kandla Port of Gujarat, which is a leading commercial sea port of India.

- **Low funding risk**

The total project cost of Mega Food Park is Rs.165.79 crore. The same is funded by promoters' fund of Rs.33.29 crore, term loan of Rs.45.00 crore, grant from government of Gujarat of Rs.20.00 crore, grant from MoFPI of Rs.50.00 crore and unsecured loan of Rs.17.50 crore. FMFP has got equity of Rs.22.38 crore, grants worth Rs.5.10 crore and unsecured loan worth Rs.5.86 crore which sums up to Rs.33.34 crore as on March, 2018. The company also has a cushion in repayment of principal amount for the term loan as scheduled debt repayment commences after commencement of business.

Weaknesses

- **Project Implementation Risk and Offtake Risk**

The Company started development of Mega Food Park from FY2018 with envisaged total cost of Rs.165.79 crore towards the project. The project is in initial stage of construction as total cost incurred upto March, 2018 is Rs.33.34 crore towards the project. The project remains exposed to market risks for leasing out the area to processing units and the fact that supply chain with raw material suppliers and

off take arrangements are yet to be entered into. Although there are various small players in the market operating in food processing there is need and demand from neighboring districts such as Patan, Ahmedabad, Kheda, Gandhinagar, Vadodra etc. which will indeed mitigate the risk to an extent.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Fanidhar Mega Food Park Private Limited to arrive at the rating.

Outlook: Stable

Acuité believes that FMFP will maintain a 'Stable' outlook in the medium term owing to the experienced management. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while achieving a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	-4555.23	0.00	0.00
PAT Margin	(%)	-4563.61	0.00	0.00
ROCE	(%)	-9.65	0.00	-0.11
Total Debt/Tangible Net Worth	Times	0.39	1.45	1.23
PBDIT/Interest	Times	-544.08	0.00	0.00
Total Debt/PBDIT	Times	-4.22	0.00	-493.77
Gross Current Assets (Days)	Days	45409	0	0

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.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 loans	Not Applicable	Not Applicable	Not Applicable	45.00	ACUITE BB- / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE BB- / Stable
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4

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About Acuité Ratings & Research:

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