

Press Release

Fanidhar Mega Food Park Private Limited

October 24, 2019

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long-term rating '**ACUITE BB-**' (read as **ACUITE double B minus**) and short-term rating '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.49.00 crore bank facilities of Fanidhar Mega Food Park Private Limited (FMFP). 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 is launched by Ministry of Food Processing Industry (MoFPI) with 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 project has commenced from August, 2018 and is expected to complete in February, 2020.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the FMFP to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management**
 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.
- Strategic location of the project and low funding risk**
 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.
 The total cost of project is Rs.165.79 crore and 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.

Weaknesses

- Project Implementation Risk and Offtake Risk**
 The development of Mega Food Park started from August, 2018 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 September, 2019 is Rs.54.82 crore towards the project and expected to complete the project by February, 2020. The project remains exposed to market risks for leasing out the total area of 26.93 acre to processing units and the fact that supply chain with raw material suppliers and off take arrangements are yet to be entered into. Although, the company has given allotment letter for 6.05 acre to three processing units and 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.

Rating Sensitivities

- Timely completion of the project
- Generate adequate cash flows to service debt obligations

Material covenants

None

Liquidity Position: Adequate

FMFP is expected to commence its commercial operations in March 2020. The project cost of Rs. 165.79 crore is funded by promoter contribution 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. Out of total term loan, Rs.27.00 crore has been disbursed till September, 2019. The repayment of term loans are scheduled to commence in December 2020.

Acuite believes that the company's liquidity position will depend mainly on timely project completion. Further, with the expected steady flow of lease income as well as expected stable occupancy rates, the liquidity is expected to remain adequate over the medium term.

Outlook: Stable

Acuite believes that FMFP will maintain a 'Stable' credit profile over the medium term on the back of established presence of promoters in food processing industry. The outlook may be revised to 'Positive' in case the company is able to demonstrate higher than expected growth in scale of operations in a profitable manner. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation or cost overrun impacting the financial risk profile of the company.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (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	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.70	0.36	1.45
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0.00	0.00	0.00

*The commercial operations will commence from March, 2020

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Any Material Covenants

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-August-2018	Term loan	Long Term	45.00	ACUITE BB- / Stable (Assigned)
	Proposed Term Loan	Long Term	2.50	ACUITE BB- / Stable (Assigned)
	Proposed Bank Guarantee	Short Term	1.50	ACUITE A4 (Assigned)

*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	45.00	ACUITE BB- / Stable (Reaffirmed)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE BB- / Stable (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 (Reaffirmed)

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About Acuité Ratings & Research:

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