

## Good Greens India Private Limited

February 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	13.40 (Reduced from 14.51)	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Good Greens India Private Limited (GGIPL) continues to be constrained by the small scale of operations with profitability margins exposed to volatile input costs and foreign exchange fluctuation risk. The rating also factors in the seasonality associated with agro-based business and highly competitive and fragmented industry. The rating, however, continues to derive strength from experienced management team with long track record of operations and established and long-standing relationship with the customers and suppliers.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growth in total operating income (TOI) while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin more than 10% on a sustained basis

#### Negative factors

- Drop in PBILDT margin below 3% on a continuous basis.

### Analytical approach: Standalone

#### Outlook: Stable

The 'Stable' outlook reflects the company is expected to sustain its operational performance with benefits derived from growth in demand for the gherkins.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Small scale of operations with volatile profit margins

The scale of operations of the company continued to remain small with operating income of ₹ 64.46 crore during FY24 which has increased marginally by 9.77% from ₹58.72 crore in FY23. Due to the nature of the business, which is susceptible to fluctuations in raw gherkin prices due to seasonal variations and labour-intensive processes, profit margins have shown volatility during the period under review. Additionally, a surge in fuel prices and increased demand for containers significantly drove up freight costs. The increased expenses could not be passed on to customers entirely, resulting in a decline in operating profits from 2.53% in FY23 to 2.21% in FY24. However, in the 8mFY25, profitability increased with PBILDT margin of 7.26% because of increase in sales realization.

##### Highly competitive industry and seasonality associated with agro-based business

The Gherkins industry is highly fragmented and therefore strong competition arises from both organised as well as unorganised players in the domestic industry. This apart, the company could face competition from other gherkin-exporting nations like Germany and Turkey in the global market. The yield from cultivation can vary depending on changes in the climatic conditions impacting the material availability. Being an agri-product, the availability is also subject to seasonality.

##### Exposure to foreign exchange fluctuation risk

GGIPL exports around 100% of its products to the countries such as France, Poland, Italy, USA, and Philippines leading to fluctuating profitability margin on account of fluctuation in forex rates. However, the company has a hedging mechanism to cover forex fluctuations to the extent of export packing foreign currency credit facility. Furthermore, the company has coverage from Export Credit Guarantee Company (ECGC) in case of default on payment by customers.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Key strengths

### Experienced management team along with long track of operations

GGIPL is managed by an efficient and professional management team with three directors under the leadership of M. Balamurugan, who holds a qualification in Bachelor of Engineering. He has over 11 years of experience in food processing industry. Followed by him, T. Dhivya Prakash, who pursued her studies together with M. Balamurugan, also gained a decade of experience in this business. Kavitha Parthiban, aged 52 years, holds bachelor's degree in science having experience of more than a decade. GGIPL was established in 2009, thereby having a long track record of operations of more than a decade.

### Established and long-standing relationship with the customers and suppliers

GGIPL has reputable suppliers and clientele base. The company procures raw gherkins from reputed suppliers viz Thai plastic and chemicals, Time Techno Plast Limited, Ecovinal International Private Limited, Pon Pure chemicals and various other suppliers' intra/ inter-state. Their customer base is expanded to around 40 countries across the globe which majorly includes Marcatus QED (USA/Belgium), Groupe Reitzel (France), The Green Consulting Group (Italy) and Olivera (Spain).

### Liquidity: Stretched

The liquidity profile of the company is stretched marked by higher working capital utilisation of around 95% for the past 12 months ending November 30, 2024. The operations of the company are working capital intensive considering the elongated working capital cycle. Being an export-oriented unit, the company gives a credit period of 60 to 90 days based on its customers. Furthermore, the company avails credit period of upto 50-60 days for payment to its suppliers. With seasonality association and to meet the regular demands, the company maintains inventory for 60-80 days on average. Notably, Q4 being a season for the crop, the inventory period normally remained high as on balance sheet date. Cash and bank balance as on March 31, 2024, stood moderate at ₹1.85 crore.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Good Greens India Private Limited (GGIPL), incorporated in 2009, is currently managed by M. Balamurugan, T. Dhivya Prakash and Kavitha Parthiban. The company is engaged primarily in processing and exporting gherkins. The company also processes and exports baby corn, jalapenos, red chillies, white onion and bell pepper based on the orders. GGIPL has its registered office at Chennai, Tamil Nadu and sets up its processing unit at Dindigul, Tamil Nadu with production capacity of 70 tonnes per day. GGIPL is 100% export-oriented unit (EOU), exporting its products to 40 countries globally which primarily includes France, Poland, USA, Italy, Spain and Belgium.

Brief Financials (₹ crore)	31-03-2023 (A)	31-03-2024 (A)	30-11-2024 (Prov.)
Total operating income	58.72	64.46	44.06
PBILD	1.49	1.43	3.20
PAT	0.53	0.21	0.75
Overall gearing (times)	1.21	1.15	NA
Interest coverage (times)	1.77	1.32	4.63

A: Audited Prov.: Provisional, NA: Not available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Brickworks has conducted the review of Good Greens India Private Limited and classified the ratings into "Issuer Not Cooperating" category, based on best available information vide PR dated December 12, 2024. The reason provided by Brickwork Ratings is that the company has not provided the required information for review. CRISIL has conducted the review of Good Greens India Private Limited and classified the ratings into "Issuer Not Cooperating" category, based on best available information vide PR dated September 10, 2024. The reason provided by CRISIL is that the company has not provided the required information for review.

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-PC/Bill Discounting		-	-	-	12.30	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	Dec 2026	1.10	CARE BB; Stable

### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-PC/Bill Discounting	LT	12.30	CARE BB; Stable	-	1)CARE BB; Stable (02-Jan-24)	1)CARE BB; Stable (05-Dec-22)	1)CARE BB; Stable (03-Feb-22)
2	Fund-based - LT-Term Loan	LT	1.10	CARE BB; Stable	-	1)CARE BB; Stable (02-Jan-24)	1)CARE BB; Stable (05-Dec-22)	1)CARE BB; Stable (03-Feb-22)
3	Fund-based - LT-PC/Bill Discounting	LT	-	-	-	1)Withdrawn (02-Jan-24)	1)CARE BB; Stable (05-Dec-22)	1)CARE BB; Stable (03-Feb-22)

LT: Long term;

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-PC/Bill Discounting	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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