March 19, 2025

Greenway Grameen Infra Private Limited: [ICRA]BB+(Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
NCD	30.00	[ICRA] BB+ (Stable); assigned
Total	30.00	

Instrument details are provided in Annexure I

Rationale

The assigned rating factors in Greenway Grameen Infra Private Limited's (GGIPL) established track record of over a decade in the biomass stove industry and its experienced management team, along with a wide distribution network. GGIPL maintains a healthy relationship with its clients, including large corporate groups and global commodity trading platforms. It has also tied up with various project developers for the supply of carbon credits. The rating also factors in GGIP's adequate financial risk profile, characterised by steady accrual generation with a comfortable capital structure and coverage position.

The rating is, however, constrained by GGIPL's modest scale of operations, with significant dependence on the rural markets for sales. The rating also factors in the product concentration risk with the company mainly operating in the biomass stove and carbon credit segment. This makes the overall earnings highly volatile due to swings in the demand and supply of carbon credits. Further, the company's revenue and profitability are exposed to fluctuations in raw material prices, making it susceptible to market volatility.

The Stable outlook on GGIPL's rating reflects ICRA's opinion that the company will continue to benefit from its established position as a supplier of biomass stove in both the domestic and export markets.

Key rating drivers and their description

Credit strengths

Established position in biomass stove market in India – The company has an experience of more than a decade in the development, manufacturing and distribution of biomass stove. Along with this, its operations are supported by a qualified and professional management team.

Adequate financial risk profile – GGIPL has an adequate financial risk profile, marked by steady accruals with a comfortable capital structure and coverage position. It reported RoCE of ~47%, and a healthy cash generation from operations in FY2024 with a net debt-free position. It has a comfortable capital structure, reflected in its gearing of 0.3 times as on March 31, 2024 and adequate debt protection metrics with total debt/OPBITDA of 0.5 times and interest coverage of ~24 times in FY2024. ICRA notes that the expansion in the net worth has been relatively limited because of the small scale of operations.

Established domestic distribution network; exports offer revenue diversity - The company has an established and growing pan-India distribution network, ensuring a wide reach. This helped the company build a strong brand, supporting its revenue growth. In FY2024, the domestic market contributed 82% to the total sales. GGIPL also exports its products to Zambia (southern Africa) and Nepal and has recently started focusing on the east African market of Tanzania.

Credit challenges

Low product diversification and limited scale of operations - The company derive revenues mainly from the sale of stoves, which contributed ~64% of the total revenues in FY2024, followed by VERs (voluntary emission reduction) that accounted for ~28% of the total revenues. Despite an increase in revenues in FY2023 and FY2024, GGIPL's scale of operations remained modest with revenues at Rs. 51.8 crore in 9M FY2025. The revenues are expected to remain modest, going forward. Nonetheless, the company is venturing into new businesses like residential solar panel installation and an afforestation project, which is a nature-based carbon removal project. Another product line is power electronics, which is at a nascent stage. Its ability to diversify and scale up without adversely impacting its financial position would be a key monitorable.

Exposure to volume and pricing risks in voluntary carbon credit market - The trading volumes and prices of carbon credits are sensitive to the demand for carbon credits, which in turn is linked to corporate budgets allocated towards sustainability spending. The company's revenues and profitability are exposed to these market factors, rendering them susceptible to any adverse movement in volumes and realisation. As on December 31, 2024, the company has an inventory of ~5.13 lakhs of carbon credits.

Vulnerability to raw material prices - The company remains vulnerable to the fluctuation in aluminium and stainless steel prices, as these are the key raw materials for biomass stove production. While the company does not rely on imports, volatility in domestic prices because of market demand, raw material availability and economic factors can impact the production cost. However, with a short manufacturing cycle of 5-7 days, the company can adjust stove prices accordingly to reflect the changes in raw material cost, helping to mitigate the risks.

Dependence on rural market and intense competition from other cooking solutions - The company's reliance on the rural markets presents challenges such as limited purchasing power, seasonal income variations and logistical difficulties in distribution. Additionally, awareness and adoption barriers hinder market penetration as many rural consumers continue to prefer traditional cooking methods like firewood and coal due to cost and familiarity. The competition from subsidised LPG, electric stoves, biogas and solar cookers further intensifies the market pressure, making it difficult for biomass stoves to gain traction. Nevertheless, the company is diversifying its product segments and has improved the affordability of biomass stoves through finance options. Moreover, GGIPL's continuous efforts to improve consumer awareness and the partnerships with Government programmes and non-governmental organisations (NGO) will help expand its reach and ensure a steady supply chain.

Liquidity position: Adequate

GGIPL's liquidity remains adequate on account of healthy unencumbered cash and liquid investments of Rs. 25.4 crore as on December 31, 2024 and no repayment obligation as on January 31, 2025. The company plans to incur capital expenditure (capex) towards solar installation projects, which is expected to be funded through a mix of debt and internal accruals.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates a significant improvement in its scale and profitability while maintaining the debt coverage metrics and liquidity position.

Negative factors – Pressure on the rating could arise if there is a significant decline in revenue and profitability, or if a large debt-funded capex impacts the coverage metrics and stretches the liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of GGIPL and its subsidiary [details in Annexure II]

About the company

GGIPL, incorporated in 2010 by Ankit Mathur and Neha Juneja, initially focused on the research and development of clean cooking products. With seed funding from CIIE, IIM Ahmedabad and an angel investor, the company began scaling up its first product line to include biomass stoves and established a manufacturing unit at Vadodara, Gujarat, in 2015 with a production capacity of 5.1 lakh units per annum.

Greenway has also expanded into the carbon market. It has set up a wholly-owned subsidiary in Singapore, SDG 13 Ventures Pte Ltd., to execute carbon-financed projects aligned with its clean energy solutions.

Key financial indicators (audited)

GGIPL (consolidated)	FY2023	FY2024	9MFY2025*
Operating income	91.4	120.9	51.8
PAT	11.1	9.5	9.3
OPBDIT/OI	19.9%	15.3%	29.7%
PAT/OI	12.2%	7.9%	17.9%
Total outside liabilities/Tangible net worth (times)	2.7	2.5	1.5
Total debt/OPBDIT (times)	0.5	0.5	0.2
Interest coverage (times)	22.0	23.7	40.7

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	March 19, 2025	Date	Rating	Date	Rating	Date	Rating
NCD*	Long term	30.00	[ICRA] BB+ (Stable)	-	-	-	-	-	-

**Proposed*

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**NCD***	NA	NA	NA	30.00	[ICRA] BB+ (Stable)

*Source: Company;*Proposed*

Annexure II: List of entities considered for consolidated analysis

Company name	LTHL ownership	Consolidation approach
SDG 13 Ventures Pte Ltd.	100.00%	Full consolidation

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