

JULY 14, 2014

## CARE ASSIGNS 'CARE B' RATING TO THE BANK FACILITIES OF MA MONI COLD STORAGE PRIVATE LIMITED

### Rating

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	6.4	CARE B (Single B)	Assigned
<b>Total Facilities</b>	<b>6.4</b>		

### Rating Rationale

The rating assigned to the bank facilities of Ma Moni Cold Storage Private Ltd (MCSPL) is constrained by the regulated nature of the business, seasonality of business with susceptibility to the vagaries of nature, risk of delinquency in loans extended to the farmers and traders, competition from other local players and weak financial risk profile marked by small scale of operations, leveraged capital structure and weak liquidity position. The rating constraints are partially offset by the satisfactory experience of the promoters with long track record of operations and its proximity to the potato-growing areas.

The ability to increase its scale of operations with an improvement in profitability margins, improvement in capital structure and effective management of the working capital would be the key rating sensitivities.

### Background

MCSPL was incorporated on May 28, 1987 for setting up a cold storage facility by the Samanta family of Paschim Medinipur, West Bengal. MCSPL is engaged in the business of providing cold storage services primarily for potatoes to local farmers and traders on a rental basis with an aggregate storage capacity of 23,310 metric ton per annum (MTPA). The cold storage is located at Paschim Medinipur district of West Bengal. Besides providing cold storage facility, the company also provides interest-bearing advances to farmers & traders for potato farming & storing purposes against potato stored.

As per the provisional results for FY14 (refers to the period April 1 to March 31), MCSPL reported a PBILDT and a PAT of Rs.0.16 crore (Rs.0.12 crore in FY13) and Rs.0.05 crore (Rs.0.01 crore in FY13) respectively, on a total income of Rs.2.37 crore (Rs.2.21 crore in FY13).

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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