

Singodwala Fintech Private Limited

February 23, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Singodwala Fintech Private Limited to monitor the rating vide e-mail communications/letters dated January 05, 2024, February 15, 2024 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Singodwala Fintech Private Limited's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings have been revised on account of limited information available.

Analytical approach: CARE Ratings Limited (CARE Ratings) has adopted standalone business profile of SFPL along with support from the promoters and its group entity SWLPL.

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on April 19, 2023 the following were the rating weaknesses and strengths (updated for the information available from registrar of companies).

Key weakness

Risk related to fluctuations in prices of underlying stock:

SFPL provides financing to farmers/traders based on the value of agri-commodities stored in the warehouse of its group entity SWLPL at the LTV ratio of around 80-85%. Agri-commodity prices are directly affected by various factors like monsoon during the year, area under cultivation, global pricing scenario (linked to global demand supply) and government policies. As the prices of these agri-commodities are prone to fluctuation, the company faces the risk of decline in the value of the underlying stock.

Small scale operations with short track record and limited portfolio seasoning:

SFPL commenced operations in 2019 and the business has a vintage of over four years. As a result, the loan portfolio has limited seasoning. CARE Ratings notes that performance of the portfolio through different economic cycles and geographies as the portfolio seasons is yet to be established. As on March 31, 2023, loan portfolio stood at ₹4.18 crore.

Improving but moderate profitability:

SFPL reported a profit after tax (PAT) of ₹0.13 crores on total income of ₹1.12 crores in FY23 against a PAT of ₹0.09 crores on total income of ₹1.15 crores in FY22.

Geographical concentration of portfolio:

The company mainly operates in Jaipur, Rajasthan. As on December 31, 2022, the entire portfolio of SFPL's business was concentrated in Rajasthan, operating from its single branch in Jaipur. The company doesn't have a significant expansion plan currently and will continue business from the same branch.

Key strengths

Promoter's relevant experience of dealing in agri commodities along with support from group entity in sustenance and growth of business operations through various means:

SFPL is promoted and held by Mr. Sanjay Agarwal, CEO and Managing Director at SFPL, along with his wife Mrs. Rekha Agarwal, Director, with 50% stake each. Mr. Sanjay Agarwal is a Chartered accountant & Company Secretary having 12 years of experience with HDFC Bank Limited as regional operation manager in Rajasthan. Furthermore, he has experience of around 4 years with

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

other group entities (RK Warehouse) in the commodity financing business. Mrs. Rekha Agarwal, a graduate in commerce, is associated with the group entity of SFPL. The experience of the promoter in agri commodity financing through his family business and other group entities is of key utility for SFPL. Since inception, the promoters have infused a capital of ₹ 5 crores in the company.

Adequate capitalisation and low gearing levels:

The tangible net worth (TNW) of SFPL remained stable at ₹5.04 crore as on March 31, 2023 (As on March 31, 2022 - ₹5.04 crore) as against the total borrowings of ₹0.05 crore as on March 31, 2023 (As on March 31, 2022 - ₹1.78 crore); accordingly, the overall gearing stood at 0.02x as on March 31, 2023 (As on March 31, 2022 – 0.35x).

Strong asset quality with nil NPAs:

The company has nil NPA since inception. SFPL makes a general provision for standard assets at rate of 0.25% as per norms applicable to NBFCs. The number of accounts that turn into NPA are very few, however, in case they do, the company realises amount through liquidation and writes off the accounts. During FY22, the company made write-offs of ₹ 0.025 crores. All the accounts written off belonged to the commodity buyer finance portfolio which has already been discontinued by the company. In the commodity pledge finance, no NPAs or write-offs were observed.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Non Banking Finance Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Investment Company

Incorporated in 2019, Singodwala Fintech Private Limited (SFPL) is an RBI registered non-deposit taking Non-Banking Finance Company (NBFC). The company is mainly into commodity pledge financing. It provides loans against agri-commodities to farmers. The agri commodities it primarily deals in are barley, gram, groundnut, and millet. These loans are provided for both, personal and business purposes. Company has an online platform 'apnagodamfinance.com' to facilitate sales of commodities. It has also recently launched mobile application for the same purpose. This portal is a stage government registered platform for buying and selling of agricultural produce. The portal is jointly owned by SFPL's group entity having common promoters, Singodwala Warehousing & Logistic Private Limited (SWLPL). SWLPL provides warehousing and logistic facilities through 17 warehouses across Rajasthan. It acts as a layered service provider for SFPL, acting as custodian and settlement agency of commodities pledged with SFPL. Further, majority of SFPL's customers are sourced through referrals from SWLPL. SFPL operates in the state of Rajasthan with its business concentrated mainly in and around Jaipur. The loan portfolio of the company stands at ₹4.18 crore as on March 31, 2023.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	1.15	1.12	Not Available
PAT	0.09	0.13	
Total Assets	7.89	5.18	
Net NPA (%)	0.00	0.00	
ROTA (%)	1.24	2.06	

A: Audited; UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various 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 along with Rating Outlook
Fund-based - LT-Cash Credit-Proposed		-	-	-	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan-Proposed		-	-	-	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (19-Apr-23)	-	1)CARE BB-; Stable (07-Mar-22)	1)CARE BB-; Stable (08-Feb-21)
2	Fund-based - LT-Cash Credit	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (19-Apr-23)	-	1)CARE BB-; Stable (07-Mar-22)	1)CARE BB-; Stable (08-Feb-21)

*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	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 the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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Disclaimer:

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