

Samruddhi Cold Storage And Warehousing

December 23, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.10	CARE B-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; 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 Samruddhi Cold Storage and Warehousing (SCSW) to monitor the rating vide e-mail communications dated October 03, 2024, October 08, 2024, October 28, 2024, November 15, 2024, December 04, 2024, December 06, 2024, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. 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. Further, SCSW has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SCSW'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(s).

The rating has been revised on account of non-availability of latest financial and operational data. CARE views information availability risk as a key factor in its assessment of credit risk. The rating continues to remain constrained by the small scale of operations, leveraged capital structure with low network base, moderate debt coverage indicators, stretched liquidity position, its presence in a highly competitive and fragmented industry and constitution as a proprietorship firm limiting the financial flexibility.

The rating however continues to derive strength from the experience of the promoter in agro based business, locational advantage emanating from its proximity to supplier and customer base and eligibility for subsidy against capital expenditure under central and state government funded scheme.

Analytical approach: Combined

For analytical purpose, CARE has considered the combined view of the group entities (Vinay Sales Corporation, Samruddhi Cold Storage and Warehousing) as both these entities are deals with agro-commodities, have common promoters, and have operational and financial linkages.

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on December 18, 2023, the following were the rating strengths and weaknesses:

Key weaknesses

Small scale of operations

During FY23 the TOI of the Vinay group has increased to Rs.20.57 crore in FY23 as against Rs.19.09 crore, primarily on account of increase in trading revenue from Vinay Sales Corporation from Rs.17.84 crore in FY22 to Rs.19.67 crore in FY23. Moreover, the group has achieved the turnover of Rs.10.56 in 7MFY24, despite growth in scale of operation, it continues to remain modest. The PBILDT in absolute term deteriorated to Rs.1.49 crore in FY23 as against Rs.1.81 crore in FY22, owing to substantial increase in operating cost. The profitability margins of the group have deteriorated, with PBILDT margins deteriorating from 9.46% in FY22 to 7.22% in FY23, PAT margins Deteriorated from 1.67% in FY22 to 1.61% in FY23. Further, the cash accruals of the group declined by Rs.0.15 crore and stood positive at Rs.1.06 crore in FY23 (vis-à-vis Rs.1.21 crore in FY22).

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

Weak debt coverage indicators along with low net worth base

As on March 31, 2023, the capital structure of the group improved marked by overall gearing of 3.63 times (vis-à-vis 4.34 times as on March 31, 2022) due to reduction in term loan on account of repayment of term loan instalments of SCSW. Furthermore, on account of accretion to reserves, the tangible networth of the firm has improved to Rs.2.70 crore as on March 31, 2023 (vis-à-vis Rs.2.28 crore as on March 31, 2022). However, the networth base continue to remain low thus restricting the financial flexibility. Despite improvement in overall gearing, the total debt to GCA of the group has deteriorated to 9.24 times as on March 31, 2023 (vis-à-vis 8.17 times as on March 31, 2022) due to lower accruals. The interest coverage also improved to 3.47 times as on March 31, 2021 (vis-à-vis 3.04 times as on March 31, 2022) on account of reduction in interest expenses by 28% to Rs.0.43 crore in FY23 (vis-à-vis Rs.0.59 crore in FY22).

Seasonality of business with susceptibility to vagaries of nature coupled with price volatility of agro based products

The group's operations are seasonal in nature as the firms are into providing facility for storage of agro commodities and trading of agro commodities. Lower agricultural output may have an adverse impact on the available fruits and vegetables and rental collections as the cold storage units collect rent on the basis of quantity stored as well as quantity traded.

Fragmented nature of operations and intense competition from other players in the region

The Indian cold storage and warehousing industry is highly unorganized & fragmented in nature due to low entry barriers. The industry in the country is highly fragmented with many unorganized players. This has led to high level of competition in the industry and players work on wafer-thin margins.

Proprietorship nature of constitution

Being a proprietorship concern, it is exposed to the risk of withdrawal of capital by the proprietor on personal exigencies, dissolution of firm due to death and restricted financial flexibility due to inability to explore cheaper sources of finance leading to limited growth potential.

Key strengths

Experienced promoter

Vinay group is promoted by Mr. Chandrashekar Akkalkote having an experience of around one and half decade agro trading business. The promoter is ably supported by his father Mr. Naganath Akkalkote who has experience in the trading of agro based products through its proprietary concern Vinay Sales Corporation. He looks after the day-to-day operations of the firm. The satisfactory experience of promoters and management might aid in establishing good relationship with customers & suppliers and smooth operations of the firm.

Locational advantage with proximity to raw material and customer base

Location advantage of Vinay group emanating from proximity to farms in the district of Solapur which covers all major fruits and milk products. Also, for the cold storage it has a favourable location proximity to the grapes, custard apple and vegetable growing areas (Marathwada Region) which augers well for the firm. Both the factors provide wide catchment making it suitable for the farmers in terms of transportation and connectivity. This enables SCSW to reduce its dependence on any single agricultural commodity.

Eligible for subsidy against capital expenditure under central and state government funded scheme

One of the group firms namely Samruddhi Cold Storage and Warehousing (SCSW) eligible for electricity duty exempt for 15 years as it is in D+ Zone and the firm benefit from the refund of 5% interest of the total interest paid to the lending agency for 7 years (subsidy from DIC (District Industries Centre)). Also, the Government of India, Ministry of Agriculture & Cooperation has approved the Capital Investment subsidy scheme for Construction, Expansion, Modernization of Cold Storages and Storages for Horticulture Produce. Also, the National Horticulture Mission offers subsidy for the projects at the rate of 25% of the total investment in the project of cold storage.

Liquidity: Stretched

Liquidity position of the firm remain stretched marked by lower accruals of Rs.1.06 Crore as against repayment obligations of Rs.0.56 crore for FY24, nominal cash balance of Rs.0.37 crore as on March 31, 2023.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Logistics Solution Provider

Samruddhi Cold Storage & Warehousing (SCSW) was incorporated in March 2017 and the commercial operations commenced in the January 2019. SCSW is engaged in providing warehousing and cold storage facility to farmers. The firm has one central unit consisting of multi chambered and multi commodity cold storage having a storage capacity of 3150 metric tons (MT) and warehousing capacity of 3688 metric tons (MT).

Apart from SCSW, the group also has another entity Vinay Sales Corporation (VSC). VSC was incorporated in September 2005 and is engaged in wholesale and retail trading of dry fruits and spices namely Ajwayn, Akrod, Anjir, Badisouf, Bhagar, Copra, Dalchini, Dhania & Dhania Powder, Jira, Kaju, Khajur, Khadisakhar, Hing, Kismis, Lavang, Papad and Til.

Combined Financials

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	7MFY24(UA)
Total operating income	19.09	20.57	10.56
PBILDT	1.81	1.49	NA
PAT	0.32	0.33	NA
Overall gearing (times)	4.34	3.63	NA
Interest coverage (times)	3.04	3.47	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Standalone Financials (SCSW)

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	7MFY24(UA)
Total operating income	1.25	0.89	0.43
PBILDT	1.09	0.68	NA
PAT	-0.15	-0.23	NA
Overall gearing (times)	-2.07	23.22	NA
Interest coverage (times)	3.07	3.12	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

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-Term Loan		-	-	31-10-2026	1.10	CARE B-; Stable; ISSUER NOT COOPERATING*

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

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-Term Loan	LT	1.10	CARE B-; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (18-Dec-23)	1)CARE B-; Stable (25-Nov-22)	1)CARE B-; Stable (03-Jan-22) 2)CARE B-; Stable; ISSUER NOT COOPERATING * (29-Jul-21)
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (18-Dec-23)	1)CARE B-; Stable (25-Nov-22)	1)CARE B-; Stable (03-Jan-22) 2)CARE B-; Stable; ISSUER NOT COOPERATING * (29-Jul-21)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short 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-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 for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in Darshan Shah Assistant Director CARE Ratings Limited Phone: 022-67543408 E-mail: Darshan.shah@careedge.in Vatsalkumar Jain Analyst CARE Ratings Limited E-mail: Vatsal.Jain@careedge.in
---	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**