

Pachimatla Manoj Kumar (Revised)

December 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	9.28	CARE B-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE B; Stable

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated October 04, 2023, placed the rating(s) of Pachimatla Manoj Kumar (PMK) under the 'issuer non-cooperating' category as PMK had failed to provide information for monitoring of the rating. PMK continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated August 19, 2024 to September 08, 2024. 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.

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 the absence of latest information pertaining to the firm, such as operational information, FY24 financials, liquidity profile, etc., in order to ascertain its ability to timely repay debt.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believed that PMK will continue to benefit from promoter's extensive experience.

Detailed description of key rating drivers:

At the time of last rating on October 04, 2024, the following were the rating weaknesses and strengths:

Key weaknesses

Operations & Maintenance Risk: The firms have to maintain handling of grains under stipulated specifications, noncompliance of which can result in penalties being levied by the authority exposing the entity to O&M risk. However, considering simplest nature of operations the management does not foresee any significant increase in expenses.

Highly competitive and fragmented nature of business: The domestic warehousing market is highly fragmented with most of the warehouses having an area less than 10,000sq.ft. Approximately 90% of the warehousing space in the country is controlled by unorganized players, which manage small-sized warehouses with limited mechanization. Fragmented warehousing footprint results in higher average inventory holding, in addition to resulting in higher storage and handling losses, driven by lower level of mechanization. But lately the sector has been attracting investments from international players which is propelling the formalization of the sector. With respect to the regulatory ecosystem, many state governments are announcing dedicated logistics sector policies.

Proprietorship nature of constitution with risk of withdrawal of capital: The firm being a proprietorship firm is exposed to inherent risk of capital withdrawal by proprietor due its nature of constitution. Any substantial withdrawals from capital account would impact the net worth and thereby the gearing levels.

Key strengths

Short term Tie-up of storage agreement with TSWCH: The firm is getting revenue from Telangana State Warehousing Corporation Hyderabad (TSWCH) for entire 16500 MT capacity, through which Food Corporation of India (FCI) is using the storage space for distribution of food grains and other items, the same has been confirmed by the receipts received from the client. However, receiving repeat orders on annual basis from TSWCH is critical from credit perspective.

Experience and resourcefulness of the promoter: Pachimatla Manoj Kumar was established in the year 2020 promoted by Mr. Manoj Kumar Pachimatla (Proprietor). The proprietor's father having more than one decade of experience in agricultural and poultry business.

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

Locational advantage of property with operational Railway Sidings: The warehousing unit is constructed in rural area of Nagireddypalli village, which is having Nagireddypalli railway station. The unit is situated close to the train route between Hyderabad-Bibinagar-Nadikudi. It is 53 Km away to Secunderabad Railway Station. The railway siding works have been completed and have commenced operations. The railway sidings are utilized by other warehouse units including our firm aggregating to total warehouse with a capacity of 100,000 MT. Apart from this, the warehouse is in Nalgonda district, which is a horticultural crop growing area having abundant availability of food grains and other materials.

Presence of escrow mechanism mitigating the flight of capital risk in proprietorship firm: The entity must adhere escrow mechanism as per terms of the loan agreement, thereby providing water fall mechanism to be followed for the receipts received from client and payments related to operations and debt servicing obligations. Thereby preventing withdrawal of capital by partners without approval of lenders.

Stable outlook of warehousing industry: Warehousing Market in India states that the demand for good quality state-of-the-art warehouses will be a major requirement in the country given the growing logistics industry. The evolution from storage godowns to multipurpose logistic centres is highly desired. Warehouses form a crucial supply chain element which is key to both customer satisfaction and cost reduction. Warehouses today serve as a stocking point as well as consolidation centers for multiple sourcing locations which provide cross docking facilities to retail distributors, sorting centers for customer deliveries, and assembly facilities for final packaging and bundling.

Liquidity: Stretched

Stretched liquidity of the entity is characterised by cash accruals generation of Rs. 1.28 crore for 6 months of operation against tightly matched repayment of Rs.1.08 crore for FY22. The firm has free cash and bank balance of Rs 0.25 crore as on March 31, 2022. However, infusion of unsecured loans by promoter till stabilization of operations and timely execution of agreement with client are critical from credit perspective.

Assumptions/Covenants: Not applicable

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

Applicable criteria

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

[Definition of Default](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Rating Watch](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

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

Pachimatla Manoj Kumar is a proprietorship firm and is involved in construction of rural warehouse in 6.035-acre land along with railway siding at Nagireddypalli, Bhongir, Telangana, with a storage capacity of 16,500 MT of food grains or other materials. The construction of the warehouse units is part of total warehouse complex with an aggregate capacity of around 100,000 MT, which are held by the promoter and other family members. The firm is primarily promoted by Mr. Pachimatla Manoj Kumar and 4 other partners belonging to his family. Mr Pachimatla and other members of his family have experience in the field of agricultural. The firm has an arrangement with Telangana State Warehousing Corporation Hyderabad, through which Food Corporation of India (FCI) will use the storage space for distribution of food grains and other items. The company completed the project and achieved commercial operations on October 01,2021

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (UA)
Total operating income	0.00	1.22
PBILDT	0.00	1.21
PAT	0.00	0.12
Overall gearing (times)	0.00	9.98
Interest coverage (times)	0.00	2.25

A: Audited UA: Unaudited; 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	-	-	-	March-2031	9.28	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	9.28	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Oct-23)	1)CARE B+; Stable (06-Oct-22)	1)CARE B+; Stable (23-Jul-21)

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

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-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.

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About us:

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