

Angd Fruit Ranch Private Limited

December 28, 2022

Rating

Facilities/ Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	85.50	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Total Facilities	85.50 (₹ Eighty-Five Crore and Fifty Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Angd Fruit Ranch Private Limited (AFR) to monitor the rating vide e-mail communications/letters dated October 11, 2022, November 18, 2022, November 29, 2022, December 5, 2022, December 13, 2022, etc. 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 Angd Fruit Ranch 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(s).

The rating has been revised on account of non-availability of requisite information and no due-diligence conducted due to non-cooperation by Angd Fruit Ranch Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating takes into account the constraints relating to company's short track record of operations and stabilization risk associated with debt funded newly setup facility. Further, the rating is also constrained by risk associated with its dependence on vagaries of nature and seasonality of business coupled with fragmented nature of the industry. The rating, however, draws comfort from experienced management coupled with location advantage.

Detailed description of the key rating drivers

Key Rating Weaknesses

Short track record of operations: The company has started its commercial operations from September, 2021 and has a relatively short track record of operations in cold chain industry as compared with other established players. FY23 will be the first full year of operations. Thus, the stabilization of the operations to achieve the envisaged scale of business and saleability risk associated with the products offered in the light of competitive nature of industry remains crucial for AFR.

Stabilization risk associated with debt funded newly setup facility: AFR had undertaken capex plan with total project cost of Rs.47.94 for setting up controlled atmosphere (CA) cold storage for fruits (apples) and vegetables situated at Kumarsain district, Shimla (Himachal Pradesh). The project was funded through term loan of Rs.28.50 crore, subsidy grant of Rs.10.00 crore and balance through promoter's contribution (share capital & unsecured loans) of Rs.9.44 crore. It started its commercial operations from September, 2021 and started revenue generation from the month of February, 2021. The company has also planned to increase the existing storage capacity by 1635 MT. The total cost required for enhancement of existing capacity was Rs.11.50 crore which would be partially funded through external debt and partially through internal accruals. However, post project implementation risk in the form of stabilization and streamlining of operations to achieve the envisaged scale of business and risk associated with the products offered in the light of competitive nature of industry is yet to be seen. During the initial phases of operations, the capital structure of the company is expected to remain leveraged due to debt funded CAPEX undertaken coupled with increased dependence on bank borrowings to meet the working capital requirements. CARE Ratings Ltd. is unable to comment on the same due to unavailability of latest details.

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

*Issuer did not cooperate; Based on best available information

Dependence on vagaries of nature and seasonality of business: Agro-based industry is characterized by its seasonality, as it is dependent on the availability of products, which further varies with different harvesting periods. Apple is mainly a winter season crop and the production highly depend on vagaries of nature. Lower output of apples will have an adverse impact on the revenue generation of the company.

Fragmented nature of the industry: AFR's business risk profile is constrained on account of exposed to competition from other regional established players like Adani Agri Fresh Limited, Dev Bhumi Cold Chain Limited, etc. operating in cold chain industry. AFR is operating in such an industry which is fragmented in nature and has limited entry and exit barrier. This leads to limited bargaining power with customers and restrict to the prices being prevalent in the market, which may constraints its scale of operations and operating margins. However, high demand of apples and shortage of supply during off-season can give a slight competitive advantage to AFR.

Key Rating Strengths

Experienced management coupled with location advantage: Mr. Harinder Pal Bhogal, Mrs. Sakshi Singla and Mr. Navjot Singh Rupra are the directors of the company and they collectively look after the overall operations of the company. Mr. Harinder Pal Bhogal (Chairman), is graduate and holds vast accumulated experience of more than three decades in auto industry through his association with associate concern namely; "M S Bhogal N Sons". Mrs. Sakshi Singla (Managing Director), is post graduate and holds experience of nearly a decade in engineering industry through family run business. Mr. Navjot Singh Rupra, is graduate and holds experience of nearly a decade in agri-products and construction business through family run business. They are ably supported by Mr. Vikas Singhal (CEO), an ex-banker and managing day-to-day operations of the company. The promoters have adequate acumen about various aspects of business which is likely to benefit the company in the long run. The promoters are also supported by team of professionals hired from "Adani Agri Fresh Limited (AAFL)" having relevant experience in their respective fields. The cold storage is situated at Kumarsain district, Shimla (Himachal Pradesh) which is famous for apple orchards and are known as the apple country due to its ideal geographical location for growing apples. It is well connected by expressways/highways across the country especially Delhi, Chandigarh and Haryana which further offers the advantage of lower freight costs.

Liquidity: Stretched

The liquidity position of the company remained stretched characterized by tightly matched accruals vis-à-vis repayment obligations. Post project implementation risk in the form of stabilization and streamlining of operations to achieve the envisaged scale of business and risk associated with the products offered in the light of competitive nature of industry is yet to been seen. However, the company has adequate free cash & bank balances which stood at Rs.1.33 crore as on March 31, 2021.

Analytical approach: Standalone

Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Project stage companies](#)

[Wholesale Trading](#)

About the Company

Angd Fruit Ranch Private Limited was incorporated in July, 2015 as a private limited company and started its commercial operations from September, 2021. The company is currently directed by Mr. Harinder Pal Bhogal, Mrs. Sakshi Singla and Mr. Navjot Singh Rupra. The company was set up with an aim to operate as an Integrated Controlled Atmosphere (CA) Cold Storage for fruits (Apples) and vegetables having 28 chambers with an installed capacity of 6525 metric tonnes. The company will sell apples to different wholesalers located domestically under its own brand name "North-Valley" and will procure the same from local farmers. The company is having one associate concern namely; "M S Bhogal N Sons" (established in 1988), a partnership firm engaged in the manufacturing of cycle and auto parts.

Brief Financials (₹ crore)	31-03-2021 (A)	31-03-2022 (A)	8MFY23*
Total operating income	0.01	NA	NA
PBILDT	-0.49	NA	NA
PAT	-0.60	NA	NA
Overall gearing (times)	1.16	NA	NA
Interest coverage (times)	-8.66	NA	NA

A: Audited; NA: Not Available

*refers to the period from April 1, 2022 to November 30, 2022.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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

Complexity level of various instruments rated for this company: Annexure- 4

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		-	-	-	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund based limits		-	-	-	42.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	March, 2029	28.50	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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	28.50	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (08-Dec-21)	-	-
2	Fund-based - LT-Cash Credit	LT	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (08-Dec-21)	-	-
3	Fund-based - LT-Proposed fund based limits	LT	42.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (08-Dec-21)	-	-

*Issuer did not cooperate; Based on best available information

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

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. 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 CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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