



Press Release

Central Godavari Krushak Seva Sahakari Sanstha Ltd (CGKSSSL)

April 06, 2021

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	66.20	IVR B/Stable (IVR Single B with Stable Outlook)	Assigned
Total	66.20 (Sixty Six crore & twenty lakhs)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Central Godavari Krushak Seva Sahakari Sanstha Ltd (CGKSSSL) derives strength from the Long and established track record of operations and Moderate Scale of Operations. The rating is however constrained by High Geographical Concentration Risk and Exposure to risks inherent in co-operative societies.

Key Rating Sensitivities:

Upward Factors

- Improvement in liquidity position of the society.

Downward Factors

- Impact on profitability due to increase in credit cost.
- Deterioration of liquidity due to elongation of collections from borrowers.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long and established track record of operations:

The Central Godavari Krushak Seva Sahakari Sanstha (CGKSSS) is a co-operative society incorporated in 1975. The society has more than four decades of experience in the lending business. Being a co-operative society, the sole objective of organization is improving the



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lives of small farmers. Society has 4,644 members spread across 21 villages in the Nashik District of Maharashtra.

Moderate Scale of Operations:

The scale of operations of the company remained moderate with a loan portfolio of Rs.76.58 crore as on March 31, 2020 as against Rs.65.83 crore as on March 31, 2019. the total interest income also remained moderate at Rs.7.28 crore in FY20 as against Rs.7.39 crore in FY19.

Key Rating Weaknesses

High Geographical Concentration Risk:

CGKSSL's are of operations is limited to Gangapur region which is in Nashik district of Maharashtra.

Exposure to risks inherent in co-operative societies:

Co-operative societies do not fall under the ambit of the Reserve Bank of India, and therefore, not subject to prudential norms, unlike other deposit-raising entities such as banks and non-banking finance companies. If RBI brings such cooperative institutions under its ambit, the societies could be subject to stricter prudential norms on capital adequacy, asset classification, and income recognition. However, the sector remains vulnerable to risk of regional political events.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Financial Institutions/NBFCs

Financial Ratios & Interpretation (Financial Sector)

Liquidity – Stretched



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CGKSSSL liquidity is expected to remain starved. Majority of society's loans comprises of crop loan which are vulnerable to agro-climatic conditions, any adverse weather condition like inadequate monsoon may impact the income of the farmers thus impacting repayment of loans to society thus creating liquidity stretch for society.

About the Company

Central Godavari Krushak Seva Sahakari Sanstha Limited (CGKSSSL) is a co-operative society incorporated on December 25, 1975 for local farmers, labourers, rural artisans with the intention of providing credit facilities for agricultural activities. Society is registered under The Maharashtra Co-Operative Societies Act, 1960. Organization is based in Gangapur town which is located near to Nashik city of Maharashtra.

Financials (Standalone):

(Rs. In Crore)

For the year ended* As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	7.39	7.28
Interest Expense	5.74	6.28
PAT	0.88	0.23
Total Debt	59.97	69.30
Tangible Net Worth	9.13	9.07
Total Loan Assets	65.83	76.58
Overall Gearing Ratio (x)	6.57	7.64

Status of non-cooperation with previous CRA: NA

Any other information: NA



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Facility – Term Loan	Long Term	66.20	IVR B/Stable	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date*	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Term Loan	-	-	-	66.20	IVR B/Stable

**Term Loan is renewed every year.*