



## Press Release

### **Suswadeep Agro Services Private Limited**

**March 26, 2025**

#### **Ratings**

| <b>Instrument / Facility</b> | <b>Amount<br/>(Rs. Crore)</b>                                                        | <b>Current<br/>Ratings</b>                                          | <b>Previous<br/>Ratings</b> | <b>Rating<br/>Action</b> | <b><a href="#">Complexity<br/>Indicator</a></b> |
|------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------|--------------------------|-------------------------------------------------|
| Long Term Facilities         | 113.57                                                                               | IVR BB-/Stable<br>(IVR Double B<br>Minus with<br>Stable<br>Outlook) | -                           | Assigned                 | Simple                                          |
| <b>Total</b>                 | <b>113.57</b><br><b>(Rupees One Hundred and Thirteen Crore and Fifty-Seven Lakh)</b> |                                                                     |                             |                          |                                                 |

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

The assignment of the ratings by Infomerics to the bank facilities of Suswadeep Agro Services Private Limited factors extensive experience of the promoters in the industry leading to established relationships with its customers and suppliers, improving scale of operations and association with major brand and established distribution networks.

The ratings, however, are constrained by the thin profitability margin owing to trading nature of business, moderate capital structure and debt protection metrics, changing consumer preferences and brand reputation, and logistics and distribution challenges.

The 'Stable' outlook indicates that Suswadeep Agro Services Private Limited is expected to continue to get benefits out of the established long track record, experience of the promoters and improving scale of operations.

#### **Key Rating Sensitivities:**

- **Upward Factors**
  - Substantial and sustained improvement in the scale of operations, leading to an improvement in the credit metrics and profitability.



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- **Downward Factors:**

- Deterioration in the scale of operations or a decline in EBITDA margins due to industry or firm-specific factors, leading to a significant deterioration in the credit metrics and liquidity, all on a sustained basis.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Extensive experience of the promoters in the industry**

The promoters have more than 20 years of experience in the FMCG distribution sector. The company benefits from the management's understanding of the dynamics of the industry and established relationships with suppliers and customers.

##### **Association with major brand and established distribution network**

The company is mainly engaged in the distribution of FMCG products of Gillette India Limited, Procter & Gamble Hygiene and Healthcare Limited, and Procter & Gamble Home Products Private Limited. The company has long relationship with P&G entities being an authorised dealer for many of its products. The company has established distribution network, operates in 37 branches which are in 7 districts of Andhra Pradesh which cover around 80000 outlets.

##### **Improving scale of operations**

The total operating income in FY24[Refer period from April 01, 2023, to March 31, 2024] stood at Rs.581.38 Crore as compared to Rs. 547.69 Crore in FY23[Refer period from April 01, 2022, to March 31, 2023]. The total operating income of the company registered a growth of 6.15% in FY24. The company has earned an EBITDA of Rs. 16.58 crore in FY24 against Rs. 12.12 crore in FY23. The company earned a PAT of Rs. 2.87 crore in FY24 against Rs. 1.76 Crore in FY23. The company achieved a revenue of Rs. 405.90 Crore in 9MFY25.



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### **B. Key Rating Weaknesses**

#### **Thin profitability margin owing to trading nature of business**

The company operates with thin profitability margins, reflecting the trading nature of the business where earnings are heavily influenced by volatile raw material prices and intense industry competition. The EBITDA margin improved slightly to 2.85% in FY2024 from 2.21% in FY2023, while the PAT margins remained modest at 0.49% in FY2024 and 0.32% in FY2023, emphasizing the ongoing pressure on profitability.

#### **Moderate capital structure and debt protection metrics**

The overall gearing ratio stood at 1.82x as on March 31, 2024, against 1.62x as on March 31, 2023. TOL/TNW stood at 2.19x as on March 31, 2024, against 1.86x as on March 31, 2023. The interest coverage ratio stood at 1.80 times (FY23: 1.58 times) and DSCR stood at 0.87 times (FY23: 0.59 times) as on as on March 31, 2024.

#### **Changing consumer preferences and brand reputation**

Rapidly changing consumer preferences can lead to product obsolescence, requiring constant innovation and adaptation to stay relevant. Additionally, negative publicity or scandals can erode consumer trust and damage brand integrity, impacting sales and long-term loyalty. Proactive monitoring of trends and maintaining high quality and transparency are crucial to mitigating these risks.

#### **Logistics and distribution challenges**

Efficient logistics and distribution networks are crucial for ensuring timely and cost-effective product delivery. However, inefficiencies within these systems can result in delays, higher operational costs, and dissatisfaction among customers. External factors such as natural disasters, geopolitical events, or transportation disruptions further amplify the risk of product shortages and delivery setbacks. Addressing these challenges requires adopting strong mitigation measures and well-prepared contingency plans.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies.](#)



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[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Default Recognition](#)

### Liquidity: Stretched

The company's liquidity position remains weak, with inadequate GCA of Rs. 7.19 crore in FY24 and projected GCA of Rs. 5.00-7.00 crore in FY25-FY27, falling short of debt obligations ranging from Rs. 8.00-13.00 crore during the same period. This highlights the company's limited capacity to meet obligations independently. To address the shortfall, promoters are providing need-based funds through unsecured loans and expect additional rental income from an under-construction warehouse. As of 31 March 2024, the company reported a current ratio of 1.39x and cash and cash equivalents of Rs. 9.37 crore. However, the utilization of fund-based working capital facilities has been at near-maximum levels over the past twelve months ending December 2024, further indicating liquidity pressures.

### About the company

Suswadeep Agro Services Pvt Ltd has incorporated in the year 2001, initially the company has into Distribution of Agro Chemicals the state of Andhra Pradesh. Presently the company is sole authorized distributor of Procter & Gamble Home Products Private Limited, Procter & Gamble Hygiene & Health Care Limited, Gillette India Ltd Products in Coastal Andhra Pradesh with 37 branches. The company has also engaged in doing business C&F Operations with multinational companies. Company is one of the Largest Warehouse Space Provider with A Grade Facilities in Andhra Pradesh.

### Financials (Standalone):

|                             | Rs. Crore  |            |
|-----------------------------|------------|------------|
| For the year ended* / As on | 31-03-2023 | 31-03-2024 |
|                             | Audited    | Audited    |
| Total Operating Income      | 547.69     | 581.38     |
| EBITDA                      | 12.12      | 16.58      |



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|                           |        |        |
|---------------------------|--------|--------|
| PAT                       | 1.76   | 2.87   |
| Total Debt                | 104.65 | 123.99 |
| Tangible Net worth        | 64.50  | 68.10  |
| EBIDTA Margin (%)         | 2.21   | 2.85   |
| PAT Margin (%)            | 0.32   | 0.49   |
| Overall Gearing ratio (X) | 1.62   | 1.82   |
| Interest coverage (x)     | 1.58   | 1.80   |

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**

**Rating History for last 3 years:**

| Sr. No. | Name of Facilities | Current Ratings (Year 2024-25) |                                |                | Rating History for the past 3 years     |                                         |                                         |
|---------|--------------------|--------------------------------|--------------------------------|----------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
|         |                    | Type                           | Amount outstanding (Rs. Crore) | Rating         | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| 1       | Cash Credit        | Long Term                      | 61.40                          | IVR BB-/Stable | -                                       | -                                       | -                                       |
| 2       | Term Loans         | Long Term                      | 52.17                          | IVR BB-/Stable | -                                       | -                                       | -                                       |

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**About Infomerics:**

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit



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Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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### Annexure 1: Facility details:

| Name<br>Facility/<br>/Security | of | ISIN | Date of<br>Issuance | Coupon<br>Rate/<br>IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs.<br>Crore) | Rating<br>Assigned/<br>Outlook |
|--------------------------------|----|------|---------------------|------------------------|------------------|---------------------------------------|--------------------------------|
|--------------------------------|----|------|---------------------|------------------------|------------------|---------------------------------------|--------------------------------|





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|             |   |   |   |                    |       |                    |
|-------------|---|---|---|--------------------|-------|--------------------|
| Cash Credit | - | - | - | Revolving          | 61.40 | IVR BB-<br>/Stable |
| Term Loans  | - | - | - | Up to July<br>2030 | 52.17 | IVR BB-<br>/Stable |

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Suswadeep-Agro-Services-26mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated analysis: Not Applicable**

**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](http://www.infomerics.com).