



Press Release

Kisanmitra Cold Storage Private Limited

January 18, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	27.27 (reduced from 28.69)	IVR BBB-; Stable (IVR Triple B Minus with Stable outlook)	Reaffirmed	Simple
Total	27.27 (Rupees twenty seven crore and twenty seven lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating assigned to the bank facilities of Kisanmitra Cold Storage Pvt Ltd (KCSPL) continues to consider the close operational and financial linkages between KCSPL and Kisanmitra Warehousing Pvt Ltd (KWPL) (commonly referred as Kisanmitra Group). The ratings also continue to derive comfort from the group's established track record of operations under an experienced promoter, strategic location of the warehouse and stable business performance marked by improvement in operating income and profitability. However, these rating strengths continues to remain partially offset by its exposure to commodity price fluctuation, exposure to agro-climatic risk, presence in a highly competitive industry, moderate capital structure with moderate debt protection metrics and working capital intensive nature of operation.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement in profitability on a sustained basis.
- Improvement in overall gearing ratio to below 1x and improvement in debt coverage indicators
- Improvement in liquidity marked by improvement in the operating cycle

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis.



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- Any deterioration in its liquidity profile with elongation in operating cycle
- Moderation in the capital structure with moderation in overall gearing ratio to over 2.5x and/or dip in interest coverage ratio to below 2x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with long track record in the agro-commodity industry

The promoters of the Kisanmitra group have an extensive experience of around two decades in the agro products industry. The group's operations are primarily overseen by Mr. Hemant Vaidya and Mr. Satish Deshmukh well supported by their sons. Long presence in the industry has led in establishing healthy relationship with its customers and suppliers. Amongst, the customers, the group remains associated with Kirti Group for over last several years.

Strategic location

The group entities benefit from their strategic locations. While Latur remains a large-scale soya and pulses producer, it is also located in the central region of the country rendering logistic advantage mainly as far as current and prospective customers are concerned.

Stable business performance

The business performance of the group remained stable in FY23 marked by marginal improvement in its total operating income (TOI) from Rs. 456.80 crore in FY22 to Rs. 459.45 crore in FY23 and stable profitability. The EBITDA margin and PAT margin remained stable at 4.51% and 1.88% respectively in FY23 (4.36% and 1.70% respectively in FY22).

Key Rating Weaknesses

Exposure to commodity price fluctuation, agro-climatic risk

Kisanmitra group entities remain vulnerable to volatility in agro commodity prices. Managing the same through adequate pass-through to the customers remains crucial to the profitability and hence the group's cash flows. The group is also susceptible to agro-climatic risk which may have bearing on the performance of the group.

Presence in a highly competitive industry



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The cold storage and warehousing industry in India are highly fragmented, thus the group faces stiff competition from other established and unorganized players in the industry which may exhibit a bearing on the profitability metrics.

Moderate capital structure with moderate debt protection metrics

The capital structure of the group continues to remain moderate marked by its overall gearing ratio at 1.90x as on March 31,2023 attributable to its working capital-intensive nature of operations. However, the total indebtedness of the group marked by TOL/TNW remained satisfactory at 2.91x as on March 31,2023. The debt protection metrics of the group though witnessed moderation due to rise in total debt (The total debt level of the group has increased with addition of new GECL loan and availment of pledge loan from HDFC Bank) continues to remain moderate marked by its Total debt to EBITDA and Total debt to GCA at 6.08x and 11.09 years respectively as on March 31,2023. However, the interest coverage ratio stood satisfactory at 2.07x in FY23.

Working capital intensive nature of operation

Operating cycle of the group stood at 112 days in FY23 (A) as against 97 days in FY22 (A). Operating cycle deteriorated mainly on account of the increase in inventory days to 74 days in FY23 (A) from 67 days in FY22 (A).

Analytical Approach: Combined

For arriving at the ratings, INFOMERICS has combined the financials of Kisanmitra Warehousing Pvt Ltd and Kisanmitra Cold Storage Pvt Ltd commonly referred as Kisanmitra Group as these entities have a common management team, same line of business, operational and financial linkages between the entities including intercompany corporate guarantees extended by KWPL to KCSPL and vice-versa.

Applicable Criteria:

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Service Sector Companies](#)

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

[Consolidation of Companies](#)

[Policy of default recognition](#)

Liquidity – Adequate



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The liquidity of the group is expected to remain adequate marked by its expected adequate cash accruals against debt repayment obligations in the near term. Further, absence any large debt funded capex also provides some comfort. However, the fund based working capital limits remained almost fully utilised indicating limited liquidity buffer.

About the Group

The Latur, Maharashtra based Group is promoted by Mr. Hemant Vaidya and Mr. Satish Deshmukh who are associated with the agricultural industry from last 18 years. The promoters are connected directly/ indirectly to more than 25,000 farmers in the region. The group has setup state of the art facilities for cleaning, material handling, cold processing, cold storage, pulp processing, warehousing facilities for various products such as agro-commodities, food grains, fruits, vegetables etc.

About the Company

Incorporated in 2013, Kisanmitra Cold Storage Pvt Ltd (KCSPL) is a Latur, Maharashtra based private limited company promoted by Mr. Hemant Vaidya and Mr. Satish Deshmukh. The company along with providing sorting and packing of various Agri products also additionally provides cold storage facility. The Company has two cold storages, and the total installed capacity of cold storage is 25,000 MTPA.

Financials (Combined):

For the year ended* / As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Combined	Combined
Total Operating Income	456.80	459.45
EBITDA	19.91	20.71
PAT	7.80	8.68
Total Debt	109.65	125.99
Tangible Net worth	57.66	66.25
EBITDA Margin (%)	4.36	4.51
PAT Margin (%)	1.70	1.88
Overall Gearing Ratio (x)	1.90	1.90

*Classification as per Infomerics' standards

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	199.03	191.04
EBITDA	5.67	6.45
PAT	2.47	2.97
Total Debt	25.36	32.97



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For the year ended* / As on	31-03-2022	31-03-2023
Tangible Net worth	16.14	19.11
EBITDA Margin (%)	2.85	3.38
PAT Margin (%)	1.23	1.55
Overall Gearing Ratio (x)	1.57	1.73

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Acuite and Care Ratings continues to classify the rating of KCSPL under Issuer Not Cooperating vide their press release dated January 02,2023, and January 20, 2023, respectively.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Nov 03, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Sep 06, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan/GECL	Long Term	2.27	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-
3.	Cash Credit	Long Term	25.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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 Assessment Institution after obtaining



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

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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 Bank Facilities - CGECL	-	-	FY26	0.73	IVR BBB-/Stable
Long Term Bank Facilities – ECLGS	-	-	FY26	1.54	IVR BBB-/Stable
Long Term Bank Facilities – Cash Credit	-	-	-	25.00	IVR BBB-/Stable

Annexure 2: List of companies considered for consolidated analysis:



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Name of Company	Extent of Consolidation
Kisanmitra Warehousing Pvt. Ltd. (KWPL)	Full
Kisanmitra Cold Storage Pvt. Ltd. (KCSPL)	Full

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-KisanmitraCS-jan24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.

