



## Rating Rationale

Sri Shyam Cold Storage

12 Oct 2018

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Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.00 Crores of Sri Shyam Cold Storage.

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## Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Term Loan	6.00**	Long Term	<b>BWR B</b> (BWR Single B) (Outlook: Stable)
<b>Total</b>	<b>6.00</b>	<b>INR Six Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\*Including back ended subsidy of Rs. 340.00 lakhs from National Horticulture Board, Ministry of Agriculture, Govt. of India.

## Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR B' with "Outlook: Stable" to the bank loan facilities aggregating Rs. 6.00 Crores of Sri Shyam Cold Storage ('SSCS', or 'the 'Firm').

## Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied up on the certified financials upto FY17, projections upto FY22, publicly available information and information/clarifications provided by the firm's management.

The Rating has factored, inter alia, the extensive experience of key promoters in the potato industry, capital infusion, subsidy receivable from NHB and interest free unsecured venture capital fund from the SFAC. The rating, however, is constrained by nascent stage of operations, intense competition due to the unorganised market structure and revenue growth being limited to installed capacity.



Going forward, ability of the firm to maintain 100% occupancy rate of the cold storage, to achieve its projected turnover & profits and to ensure timely servicing of its debt obligations would be the key rating sensitivities.

### Description of Key Rating Drivers

- **Credit Strengths:**
  - **Experience of Directors :** The partners of the firm have a good and long experience in this line of business.
  - **Subsidy from NHB and interest free unsecured venture capital** - The cold storage is eligible for subsidy at 50% of the capital cost of the project based on capacity from National Horticulture Board, Ministry of Agriculture, Govt. of India and interest free unsecured venture capital fund from the SFAC to the tune of 40%
  
- **Credit Risks:**
  - **Restricted growth in Revenues:** Revenue growth is limited to the cold storage's installed capacity.
  - **High Competition :** The industry is highly fragmented resulting in stiff competition.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### Rating Outlook: *Stable*

BWR believes the **Sri Shyam Cold Storage's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Firm

Sri Shyam Cold Storage is a partnership firm incorporated on 30th May 2016 promoted by Sri. Sandeep Agarwal, Sri Rajat Sethia & Smt. Mala Devi Khandelwal. The firm is in the business of cold storage of potatoes. Total storage capacity of the unit is 11000 MT distributed among Six chambers.



**Firm’s Financial Performance :**

The firm has started its commercial operations from 30/05/2018. The total project cost estimated was Rs.9.10 crs while the actual cost of the project after completion is Rs. 8.90 crs and the promoters contribution is Rs. 2.21 crs. The firm has reported a turnover of Rs. 0.07 for the first four months of its operations.

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating(2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	6.00	<b>BWR B (BWR Single B) Outlook: Stable</b>	NA	NA	NA
	<b>Total</b>		<b>6.00</b>	<b>₹ Six Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)-NA

Any other information

**Key Financial Indicators**

Key Parameters	Units	2019	2020
Result Type		(Projected)	(Projected)
Operating Revenue	₹ Cr	2.64	2.81
EBITDA	₹ Cr	1.53	1.51
PAT	₹ Cr	0.06	0.17
Tangible Net worth	₹ Cr	2.27	2.36
Total Debt/Tangible Net worth	Times	3.03	2.81
Current Ratio	Times	4.69	4.82



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### For print and digital media

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.



BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

**DISCLAIMER**

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