

Press Release

Jagannath Ice And Cold Storage

June 23, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 10.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 10.50 crore bank facilities of Jagannath Ice And Cold Storage. The outlook is '**Stable**'.

Jagannath Ice and Cold Storage (JICS) was established in 2015 as a proprietorship concern by Mr. Vishal Jalan. The firm has set up a cold storage facility of 5000 MT capacity at Jhadsuguda, Orissa for storing potatoes. The operations commenced from mid FY2017.

Key Rating Drivers

Strengths

- **Experienced management**

The proprietor has a decade of experience in the food and agro industry.

Weaknesses

- **Modest scale of operations**

The scale of operations is modest marked by revenue of Rs 1.50 crore in FY2017 (Provisional).

- **Government regulated prices**

The rental charges for storing of potatoes and other agricultural products are pre-defined by the state government. Thus, the revenue is dependent on the changing government policies.

- **Intense competition**

JICS provides cold storage facility to local farmers and vendors to stock agri products. Hence, there is an inherent dependence on weather and agricultural production. The sector is marked by the presence of several mid to big sized players.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the firm.

Outlook: Stable

SMERA believes that JICS will maintain a stable outlook and continue to benefit over the medium term from the promoters vast experience and established relationships with key suppliers. The outlook may be revised to 'Positive' if the firm achieves the envisaged sales and profitability. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the expected revenues, profitability or is unable to service its debt obligations.

About the Rated Entity - Key Financials

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Feb-2016	Term Loan	Long Term	INR 4.5	SMERA B / Stable
	Cash Credit	Long Term	INR 6	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	31-Dec-2022	4.50	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA B / Stable

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