

Radhamadhab Cold Storage Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	4.28	SMERA B-/Stable (Assigned)
Cash Credit	6.00	SMERA B-/Stable (Assigned)
Channel/Dealer/Vendor Financing	0.90	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B-** (read as **SMERA B minus**) and short-term rating of '**SMERA A4**' (read as **SMERA A four**) on the above mentioned bank facilities of Radhamadhab Cold Storage Private Limited (RCSPL). The outlook is '**Stable**'.

The ratings are constrained by the stretched liquidity position and small scale of operations. The ratings are further constrained by the weak financial risk profile marked by low net worth, high gearing and low debt protection measures. However, the ratings derive comfort from the experienced management of the company.

RCSPL, incorporated in 1987 provides cold storage facilities to local potato farmers. The stretched liquidity position is marked by insufficient cash accruals against term debt obligations. The cash accruals of the company stood at Rs.0.33 crore against Rs.0.70 crore of term loan repayments. The revenue stood at Rs.2.82 crore in FY2016 as against Rs.2.76 crore in FY2015. The weak financial risk profile is marked by low net worth of Rs.3.52 crore, high gearing (Debt-equity) of 2.93 times, moderate interest coverage ratio (ICR) of 1.71 times and low debt service coverage ratio (DSCR) of 0.71 times in FY2015-16.

However, the ratings draw comfort from the experienced management. Mr. Srikanta Pan, Director, possesses experience of over two decades in the cold storage industry.

Outlook-Stable

SMERA believes that RCSPL will maintain a stable outlook owing to its experienced management. The outlook may be revised to 'Positive' if the company improves its liquidity position, scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in scale of operations or if the company undertakes large debt funded capex.

Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Improvement in the capital structure
- Improvement in liquidity

About the Company

RCSPL, established in 1987 by Mr. Srikanta Pan provides cold storage facilities to local potato farmers in Hooghly, West Bengal. The company has an installed capacity of 2,02,832 quintals per year. The administrative office and manufacturing facilities are located at Hooghly.

RCSPL reported profit after tax of Rs.0.01 crore on operating income of Rs.2.96 crore for FY2015-16, as compared with loss of Rs.0.03 crore on operating income of Rs.2.84 crore in FY2014-15.

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ABOUT SMERA

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