

Swad Agro Cold Chain Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	0.50	SMERA B+/Stable (Assigned)
Term Loan	6.80	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.7.30 crore bank facilities of Swad Agro Cold Chain Private Limited (Swad Agro). The outlook is '**Stable**'.

The rating is constrained by the project implementation risk, susceptibility of operations to changes in regulations and risk of outbreak of diseases amidst intense competition in the meat industry. However, the rating draws comfort from the experienced management and low-offtake risk.

Swad Agro, incorporated in 2015 is a Mumbai-based company promoted by Mr. Parvez Qureshi. The company proposes to set-up a meat processing unit at Palghar, Maharashtra with total installed capacity of 2500 sheep/goats per day. The total project cost is estimated to be around Rs.12.75 crore to be funded through bank loan of Rs.7.30 crore, promoter's equity and unsecured loan. The company has incurred Rs.7.00 crore till date and the project is expected to be completed by April, 2017 hence the company is exposed to project implementation risk.

Further, the operations of the company are susceptible to regulatory changes and outbreak of diseases apart from intense market competition in the meat industry.

However, the rating benefits from the promoter's experience of more than two decades in the meat industry through group company, 'Barkat Exports Private Limited (BEPL)' established in 1991. The company is engaged in the trading of sheep and goat meat and faces low off take risk as Swad Agro will be selling 100% of its production to BEPL.

Rating Sensitivity Factors

- Timely completion of project and commencement of operations
- Augmenting adequate net cash accruals
- Efficient working capital management

Outlook - Stable

SMERA believes that the outlook of Swad Agro will remain stable owing to the experienced promoters and group company support. The outlook may be revised to 'Positive' if the company stabilises operations as scheduled, leading to healthy cash inflows and improved financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to deterioration in the financial risk profile, particularly liquidity. The outlook may also be revised to 'Negative' in case of significant delays in project execution leading to cost and time overruns.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

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ABOUT SMERA

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