

Press Release

Swad Agro Cold Chain Private Limited (SAPL)

10 May, 2018



Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs.7.90 Cr.
Long Term Rating	SMERA B+/Outlook: Stable (Reaffirmed)

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating to **'SMERA B+' (read as SMERA B plus)** on the Rs.7.30 crore bank facilities of Swad Agro Cold Chain Private Limited. Further, SMERA has assigned long-term rating of **'SMERA B+' (read as SMERA B Plus)** on the Rs.0.60 crore bank facilities of Swad Agro Cold Chain Private Limited. The outlook is **'Stable'**.

Swad Agro Cold Chain Private Limited (SAPL) incorporated in 2015 is a Mumbai-based company promoted by Mr. Parvez Qureshi. The company has set up a mechanized meat processing unit at Palghar, Maharashtra with total installed capacity of 2500 sheep/goats per day. The total project cost is Rs.12.75 crore funded through bank loan of Rs.7.40crore, promoter's equity and unsecured loan of Rs.5.35 crore. The project is complete and achieved commercial operations on 15 April, 2018.

Key rating drivers

Strengths

Experienced promoters: The company is promoted by Mr. Parvez Iqbal Qureshi who has experience of more than three decades in the meat trading industry. Mr. Parvez Qureshi is a director in a group company Barkat Exports Private Limited (BEPL) which is in trading and export of meat for the last twenty five years. SMERA believes that SAPL will benefit from the promoters presence in the industry and longstanding relationship with its clientele in the value addition business.

Established brand name of group: SAPL has an off-take arrangement with its group company BEPL, wherein 100 per cent of its production will be sold to BEPL for export. BEPL has established relations with its overseas clientele for more than two decades resulting in repeat orders. The company is One Star Export Trading House and exports mainly to Middle East countries like UAE, Saudi Arabia and Oman. The company does the packaging and branding of the meat and sells it's under the brand name "Barkat". SMERA believes that diversified market presence will support SAPL in improving its business risk profile over the medium term.

Weaknesses

Delays in project implementation: SAPL project is expected to be operational in April 2017; however, it was delayed by about a year due to delay in consent approval from Maharashtra Pollution Control Board. Though the project is delayed, there is no significant increase in the project cost except to the tune of about Rs.0.60 crore.

Regulatory and Event risk: The import of meat products by many of the countries is subject to various regulatory approvals; any change in the trade policies of importing nations will have an adverse impact on the business risk profile of SAPL. The regular quality checks are undertaken by the government representatives from these countries. Also, the approval given by the Indian government for the operations

of slaughter house is renewed every year. SMERA believes that regulatory risk is a key sensitivity factor on the business and financial risk profile of SAPL.

Analytical approach:

SMERA has considered standalone business and financial risk profiles of SAPL.

Outlook: Stable

SMERA believes the outlook of SAPL will remain stable owing to the experienced promoters and group company support. The outlook may be revised to 'Positive' in case of higher-than-expected revenues and early stabilization of operations. Conversely, the outlook may be revised to 'Negative' in case of any significant delay in stabilization of operations, thus impacting the financial risk profile and liquidity.

About the rated entity Financials - the company's commercial operations started in April 2018, and hence no historical data.

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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>

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
28-Feb-2018	Cash Credit	Long Term	0.50	SMERA B+/Stable (Reaffirmed)
	Term Loan	Long Term	6.80	SMERA B+/Stable (Reaffirmed)
09-Dec-2016	Cash Credit	Long Term	0.50	SMERA B+/Stable (Assigned)
	Term Loan	Long Term	6.80	SMERA B+/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA B+/Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	6.80	SMERA B+/Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.60	SMERA B+/Stable (Assigned)

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ABOUT SMERA

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