

Press Release

Sri Balaji Agro Cold Storage Llp

April 12, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 13.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+ (read as SMERA B plus)**' on the Rs. 13.00 crore bank facilities of Sri Balaji Agro Cold Storage Llp. The outlook is '**Stable**'.

Sri Balaji Agro Cold Storage LLP (SBACS) was established in October 2014 as a Limited liability partnership firm by Mr. Thilak Kumar, Mr. P. Kanna Dinesh Kumar, Ms. B. Janaki Ramaiah among others at Chennai. The firm plans to set up a cold storage facility for horticultural and agricultural products with capacity of 6500 MT.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters of the firm have more than two decades of experience in the trading of spices and pulses.

- **Strategic location and industry performance**

The firm is located at Manali, Chennai - the main market in the south for trading of pulses, chillies and spices. While Manali has a good number of cold storage units, demand is still on the rise and the firm is expected to benefit from the same.

- **Low funding risk**

The civil and interior work has been completed. The partners have infused own funds of Rs.4.72 cr. Further, the term loan of Rs.13.00 cr has been fully disbursed and repayment is expected to start from July 2017.

Weaknesses

- **Off-take risk**

Since operations commenced from 25th March 2017, the project faces off-take risk.

- **Government regulated prices**

Since the rental charges for storing of horticulture products are fixed by the state government, the revenue growth of the firm is dependent on the changing policies of the government. However, the firm benefits from the subsidies provided by the National Horticulture Board (NHB).

- **Intense competition**

There is an inherent dependence on the weather as also on 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 Sri Balaji Agro Cold

Storage LLP.

Outlook: Stable

SMERA believes that Sri Balaji Agro Cold Storage LLP will benefit from the long standing experience of its management in the food and agro business. The outlook may be revised to 'Positive' if the firm achieves the projected scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

None

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)

Not Applicable

***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	30-Jun-2027	13.00	SMERA B+ / Stable

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