

## Press Release

### Omnifresh Agro

July 26, 2017

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	SMERA D

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 9.00 crore bank facilities of Omnifresh Agro.

Omnifresh Agro (OA), established in 2012 is a Nashik-based partnership firm promoted by Mr. Shankarlal Mulji and Mr. Dhiraj Karamchandani. The firm provides cold storage facilities for storage of fruits and vegetables. Additionally, it is also engaged in the processing and packaging of frozen food. The firm commenced operations from March 2016 and has total capacity of 3500 MTPA.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The promoters, Mr. Shankarlal Mulji and Mr. Dhiraj Karamchandani have experience of around a decade in the agriculture sector.

- **Proximity to raw materials**

The processing facility is located at Niphad, Nashik in close proximity to fruit and vegetable markets.

#### Weaknesses

- **Delays in debt servicing**

There have been continuous delays in the servicing of debt (term loan of Rs 9 crore) in the last three months due to stretched liquidity.

- **Limited operational track record**

The firm commenced operations in March 2016 and reported revenue of Rs.5.47 crore in FY2016. For FY2017, OA reported revenue of Rs. 1.50 crore.

- **Intense competition**

OA offers cold storage facilities to local farmers and vendors. 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 and low entry barriers.

- **Regulated nature of the cold storage industry**

The rentals for storage of agricultural products in a cold storage facility are pre-defined by the state government. Thus, the revenue growth of the firm is largely dependent on the changing government policies.

- **Partnership constitution of the firm**

Being a partnership firm, Omnifresh Agro is susceptible to capital withdrawal at will.

**Analytical Approach**

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

**Outlook:****About the Rated Entity - Key Financials**

For FY2015-16, OA reported profit after tax (PAT) of Rs. (1.51) crore on operating income of Rs.5.47 crore. The net worth as on 31 March, 2016 stood at Rs. 7.89 crore.

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

CARE has suspended, with immediate effect, the ratings assigned to the bank facilities of Omnifresh Agro. The ratings have been suspended, as the firm has not furnished the information required by CARE for monitoring of the rating.

**Any other information**

None

**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>

**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	Not Applicable	9.00	SMERA D

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