

Press Release

SAI COLD STORAGE

October 26, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.95 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**) on the Rs. 9.95 crore bank facilities of SAI COLD STORAGE. The outlook is '**Stable**'.

The Odisha-based Sai Cold Storage (SCS) was established in August 2015 as a partnership firm by Mrs. Gitanjali Sahu, Mr. Suresh Rajan Sahu and Ms. Aishwarya Sahu. The firm, a trader of horticultural and agricultural products has invested in a cold storage facility with installed capacity of 5000 MT. The firm plans to purchase goods in bulk and store them during the offseason only to be sold at a later date.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, with more than two decades of experience in the trading of spices and pulses, have established long term relations with customers.

Weaknesses

- **Regulation of prices**

The limits on selling price of horticulture products are fixed by the state government. As a result, the revenue growth depends on the changing government policies. However, the firm benefits from the subsidies provided by the National Horticulture Board (NHB).

- **Intense competition**

There is an inherent dependence on the weather and agricultural production. The sector is marked by the presence of several mid to big sized players.

- **Off-take risk**

Since commercial operations are expected to commence from November 2017, the project faces off-take risk.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Sai Cold Storage.

Outlook: Stable

SMERA believes that Sai Cold Storage will maintain a Stable outlook and 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 its 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>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	3.01	SMERA B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	3.44	SMERA B / Stable

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