

Press Release

CRD FOODS PRIVATE LIMITED

06 December, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 38.00 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (**read as SMERA double B minus**) on the Rs. 38.00 crore bank facilities of CRD FOODS PRIVATE LIMITED. The outlook is '**Stable**'.

CRD Foods Private Limited (CRD), was incorporated in 2010 by Mr. Ashok Agarwal and family. The company has set up a cold storage facility (controlled atmosphere) with storage capacity of 5500 MT at Mathura, Uttar Pradesh. Operations commenced from December 2016. CRD is engaged in the trading and storage of fruits and vegetables (apple, beetroot, lemon, orange among others) purchased from mandis nearby. These are later sold to wholesalers, distributors, institutions and hypermarkets.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Ashok Agarwal, Promoter and Director has extensive experience in the trading and manufacturing of various products including grains, metal, garments, jewellery etc across north India through family owned businesses. Mr. Chaitanya Agarwal & Mr. Rajat Agarwal, sons of Mr. Ashok Agarwal, are also engaged in the business and possess experience of 12 years and 9 years respectively in the trading and manufacturing of products.

- **Support from promoters**

The promoters have infused Rs.4.93 crore through equity and another Rs.2.90 crore in the form of unsecured loans from directors as on 31 March, 2017. The net worth stood at Rs. 6.48 crore as on 31 March, 2017. The promoters have infused an additional Rs.6.24 crore to support operations. The unsecured loan stands at Rs.10.5 crore in the current fiscal.

Weaknesses

- **Limited track record of operations**

The operations began in Dec, 2016 with sales of Rs. 91.96 lakh in FY2017. During the current year, revenues stood at Rs.6.8 crore for the seven month period which is expected to reach full capacity in the medium term. The company is in an advanced stage of negotiation with institutional players - Adani and ITC to sell fruits and vegetables from the next fiscal. Also, discussions with hypermarkets and retail chains are also expected to fructify shortly.

- **Agri based nature of business**

Being in the cold storage industry, there is an inherent dependence on weather and agricultural production. Adverse climatic changes are likely to impact crop yields which in turn could impact the financial performance of companies such as CRD. Secondly, the demand supply dynamics of agricultural products also depend on the regulatory environment. Any change in crop patterns by farmers may affect company operations.

Analytical Approach

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

Outlook: Stable

SMERA believes that the outlook on CRD's rated facilities will remain stable over the medium term on account of the extensive experience of its management in the agro commodity industry. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays.

About the Project

Not Applicable

About the Group

Not Applicable

About the Rated Entity - Key Financials

For FY2016-17, CRD reported net loss of Rs.1.40 crore on operating income of Rs. 0.92 crore. The net worth stood at Rs.6.48 crore as on 31 March, 2017 as against Rs. 4.24 crore in the previous year.

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

Non Cooperation- India Rating- Aug 29, 2017 'India Ratings and Research (Ind-Ra) has migrated CRD Foods Private Limited's (CRD) Long-Term Issuer Rating to the non-cooperating category. The issuer did not participate in the rating exercise, despite continuous requests and follow-ups by the agency. Therefore, investors and other users are advised to take appropriate caution while using these ratings. The rating will now appear as 'IND B+(ISSUER NOT COOPERATING)' on the agency's website.'

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. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	16.55	SMERA BB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.80	SMERA BB- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.65	SMERA BB- / Stable

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ABOUT SMERA

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