

Press Release**Riddhi Siddhi Cold Storage Private Limited**

23 April, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 21.20 Cr.
Long Term Rating	SMERA B/ Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned a long term rating of **SMERA B (read as SMERA B)** and a short term rating of **SMERA A4 (read as SMERA A four)** to the Rs. 21.20 crore bank facilities of Riddhi Siddhi Cold Storage Private Limited. The outlook is 'Stable'.

Incorporated in 2015, Riddhi Siddhi Cold Storage Private Limited is a Kolkata based company engaged in providing cold storage facilities for agricultural products, i.e., potatoes with installed capacity of 274500 quintals annually. The company was promoted by Mr. Jayanta Chatterjee, Mr. Raja Chakraborty and Ms. Koyana Chakraborty. The company also trades in potatoes which consists ~ 30-40 per cent of revenue.

Incorporated in 2012, Rajaramsevak Multipurpose Cold Storage Private Limited (RMCSPL) is Kolkata based company engaged in providing cold storage facilities for agricultural products, i.e., potatoes with installed capacity of 183000 quintals annually. The company was promoted by Mr. Shyamal Kumar Dutta, Ms. Rita Chakraborty, Mr. Raja Chakraborty and Ms. Koyana Chakraborty. The company also trades in potatoes which consists ~ 30-40 per cent of revenue.

Key Rating Drivers**Strengths**

- Experienced Management**

The promoters have extensive experience of over two decades in the cold storage business. The promoter, Mr. Raja Chakraborty has experience of about two decades in the cold storage industry. The extensive experience of the management has helped the company which benefits the group.

Weaknesses

- Modest scale of operation**

The scale of operation of the group is modest with revenue of Rs 17.71 cr in FY 17 as compare to Rs 5.26 crs in FY16. The PAT stood at Rs. 0.71 crore in FY17 as against loss of Rs. 0.60 crore in the previous year.

- Moderate Financial Risk Profile**

The financial risk profile of the group is marked by modest net-worth, gearing and moderate debt protection metrics. The net-worth levels of the company stood at Rs. 4.76 crores as on March 31, 2017 as compared to Rs. 4.06 crores in the previous year. The group has high gearing (debt-to-equity) at 6.25 times as on 31 March, 2017 against 6.97 times in the previous year. The interest coverage ratio stood at 2.18 times in FY2017. The debt service coverage ratio (DSCR) stood at 1.26 times in FY2017. The net cash accrual (NCA)/ Total debt (TD) stood at 0.12 times in FY17.

- Working capital intensive operations**

RG's operations are working capital intensive which is evident from high gross current assets days of 355 days during FY2017 as against 1059 in FY2016. Inventory and debtors days stood at 31 and 0 days

respectively in FY 2017 as compared to 351 and 0 days in FY 2016. The high GCA days is also on account of other current assets of Rs. 13.69 as on March 31, 2017 as against Rs. 11.83 as on March 31, 2016. The average seasonal cash credit utilization is around 99 per cent.

• Intense competition

The group faces competition from other organized and unorganized players in the market.

Outlook: Stable

SMERA believes that RG will maintain a stable outlook on the back of its experienced management. The outlook may be revised to Positive in case of improvement in its financial risk profile and working capital cycle. Conversely, the outlook may be revised to Negative in case further decline financial risk profile and its working capital management.

Analytical Approach

SMERA has consolidated the business and financial risk profiles of Rajaramsevak Multipurpose Cold Storage Private Limited (RMCSP) and Riddhi Siddhi Cold Storage Private Limited (RSCSP) together referred to as the 'Rajaramsevak Group' (RG). The consolidation is in view of the common management, same line of business and strong operational & financial linkages between the entities.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	17.71	5.26	8.90
EBITDA	Rs. Cr.	4.92	1.83	2.70
PAT	Rs. Cr.	0.71	(0.87)	0.58
EBITDA Margin	(%)	27.77	34.75	30.31
PAT Margin	(%)	4.00	(16.50)	6.55
ROCE	(%)	10.73	4.88	24.21
Total Debt/Tangible Net Worth	Times	6.25	6.97	8.29
PBDIT/Interest	Times	2.18	1.32	2.23
Total Debt/PBDIT	Times	4.67	11.93	4.49
Gross Current Assets (Days)	Days	355	1,059	328

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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):

On 02 February 2018, Care Ratings has migrated Riddhi Siddhi Cold Storage Private Limited (RSCSP) Long Term and Short Term Issuer Rating to the non-cooperating category.

Rating History for the last three years: None

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	CouponRate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Seasonal Working Capital Demand Loan	Not Applicable	Not Applicable	Not Applicable	7.69	SMERA B/Stable (Assigned)
Working Capital Loan	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA B/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	6.96	SMERA B/Stable (Assigned)
Seasonal Working Capital Demand Loan (Proposed)	Not Applicable	Not Applicable	Not Applicable	4.74	SMERA B/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.31	SMERA A4 (Assigned)

Contacts

Analytical	Rating Desk
Suman Chowdhury President – SMERA Bond Rating Tel: +91-22-6714 1107 Email: suman.chowdhury@smera.in Debalina Maity, Analyst-Rating Corporations Tel: +91-233-66201212 Email: debalina.maity@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

SMERARatingsLimitedisajointinitiativeofSIDBI,D&BandleadingpublicandprivatesectorbanksinIndia. SMERAI sregisteredwithSEBI,accreditedbyRBIsanExternalCreditAssessmentInstitution (ECAI),underBASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc. For more details, please visit www.smera.in.

Disclaimer:ASMERAratingdoesnotconstituteanauditoftheratedentityandshouldnotbetreatedasarecommendationor opinionthat isintendedtosubstitute forafinancialadviser'sorinvestor'sindependentassessmentofwhethertobuy,sellorhold anysecurity.SMERAratingsarebasedonthedataandinformationprovidedbytheissuerandobtainedfromotherreliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, i n particular, makes no representationorwarranty,expressedorimpliedwithrespecttotheadequacy,accuracyorcompletenessoftheinformationrelied

upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.