

Press Release

Siddhi Vinayak Himghar Private Limited (SVHPL)

23 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 15.00 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 4 (read as SMERA A four)** to the Rs. 15.00 crore bank facilities of Siddhi Vinayak Himghar Private Limited (SVHPL). The outlook is 'Stable'.

Incorporated in 2017 Siddhi Vinayak Himghar Private Limited (SVHPL) is a Bankura (West Bengal) based company engaged in providing cold storage facilities for agricultural products with an installed capacity of 170000 quintals annually. The company was promoted by Mr. Jayanta Chatterjee, Mr. Raja Chakraborty and Ms. Koyana Chakraborty. The operations have commenced operation during February, 2018.

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. Mr. Jayanta Chatterjee has more than a decade of experience in this industry. The extensive experience of the management will help the company in the medium term.

Weaknesses

• Regulation of prices

The limits on selling price of agriculture products are fixed by the state government. As a result, the revenue growth depends on the changing government policies. However, the company expects to have three sources of income- rental income, interest income, and the rest from trading of potatoes.

• Intense competition

The company faces competition from several organized and unorganized players in the market.

• Off-take risk

The operations have commenced operation during FY2018. However, the promoters are from agricultural background, they have good relationship with farmers from whom the firm can procure raw materials.

Outlook: Stable

SMERA believes that Siddhi Vinayak Himghar Private Limited (SVHPL) 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 improved scale of operations and profitability. Conversely, the outlook may be revised to negative in case of the company unable to ramp up operation thereby registering revenue and profitability lower than projected.

Analytical Approach

For arriving at the rating, SMERA has considered standalone business and financial risk profile of Siddhi Vinayak Himghar Private Limited

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	-	NA	NA
EBITDA	Rs. Cr.	(0.13)	NA	NA
PAT	Rs. Cr.	(0.29)	NA	NA
EBITDA Margin	(%)	-	NA	NA
PAT Margin	(%)	-	NA	NA
ROCE	(%)	(2.61)	NA	NA
Total Debt/Tangible Net Worth	Times	4.76	NA	NA
PBDIT/Interest	Times	(9.07)	NA	NA
Total Debt/PBDIT	Times	(69.48)	NA	NA
Gross Current Assets (Days)	Days	-	NA	NA

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): None

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
Term Loan 1	Not Applicable	Not Applicable	Not Applicable	4.85	SMERA B/Stable (Assigned)
Term Loan 2	Not Applicable	Not Applicable	Not Applicable	1.72	SMERA B/Stable (Assigned)
Seasonal Working Capital Demand Loan	Not Applicable	Not Applicable	Not Applicable	3.25	SMERA B/Stable (Assigned)

Seasonal Working Capital Loan	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.21	SMERA A4 (Assigned)
Proposed long term	Not Applicable	Not Applicable	Not Applicable	3.97	SMERA B/Stable (Assigned)

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