

Press Release

Lath Sachidananda Agro Private Limited

May 23, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.30 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 minus) on the Rs. 6.30 crore bank facilities of Lath Sachidananda Agro Private Limited. The outlook is '**Stable**'.

Lath Sachidananda Agro Private Limited, Odisha based company was incorporated in the year 2017 by Mr. Anubhaw Lath and Ms. Sapna Lath. The company is setting up a cold storage facility. Apart from this, the promoters are also involved in agricultural activities.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

The company is located in Sambalpur, Odisha, which is an agricultural area, mostly dominated by cultivation of crops like potato, chilly, ginger and pulses. Hence, locational advantage will be beneficial for the company as it will get repeat orders from its neighboring areas.

Weaknesses

- **Nascent stage of operations**

The operations of the company have started from August 2017, and hence the company is in its startup mode of operations. Stabilization of its operations would be a key credit monitorable.

- **Intense competition**

The company is engaged in procuring raw materials from farmers and receive rental charges for the same. Hence, there is inherent dependence on weather and agricultural production. Further, the cold storage sector is marked by the presence of several organized and unorganized players, hence limiting the bargaining power of the company.

Analytical Approach

SMERA has considered standalone business and financials of the entity

Outlook: Stable

SMERA believes that the company will benefit from the proximity to their key raw materials. The outlook may be revised to positive if the firm achieves the projected scale of operations and profitability. Conversely, the outlook may be revised to negative in case of lower than expected profitability and low net cash accruals.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.01	0.01	0.01
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	45.01	45.92	45.09

PAT Margin	(%)	45.01	45.15	45.09
ROCE	(%)	0.14	2.44	64.12
Total Debt/Tangible Net Worth	Times	4.47	23.08	0.00
PBDIT/Interest	Times	0.00	59.12	0.00
Total Debt/PBDIT	Times	1110.92	76.21	0.00
Gross Current Assets (Days)	Days	77024	11576	199

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.30	SMERA B- / Stable

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ABOUT SMERA

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