



Rating Rationale

Aakarshit Ice & Cold Storage Pvt Ltd

1 Oct 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 12.49 Crores of Aakarshit Ice & Cold Storage Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Term Loan*	2.99	Long Term	BWR B- (BWR Single B Minus) Outlook: Stable
Overdraft 1	6.50		
Overdraft 2	3.00		
Total	12.49	INR Twelve Crores and Forty Nine Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

*Term Loan Outstanding as on September 2018.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statements of Aakarshit Ice and Cold Storage Pvt Ltd upto FY18, publicly available information and clarifications provided by the company's management. The rating derives its strength from the experience of promoters along with long track record of operations and improving profitability. However, the rating is constrained by high gearing with stagnant top line growth and intense competition.

Going forward, ability of the company to improve its scale of operations, profitability, liquidity profile & capital structure by infusion of additional capital and to service its debt obligations in a timely manner will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

Experienced promoters and long track record of operations:

Extensive experience of the promoters of over two decades in the cold storage industry facilitates the operational growth and efficiency as well as promotes established relationships with customers and suppliers. Long track record of operations since the company's incorporation in 1997 provides a comfort towards the ability of the company to overcome cyclicality in the industry.



Improving profitability:

The company's profitability has improved as showcased by Net Profit Margin of 4.29% and Operating Profit Margin of 12.52% in FY18 as compared to 2.98% and 8.23% respectively in FY17.

- **Credit Risks:**

High gearing with stagnant top line growth:

The company has a leveraged profile as indicated by Debt/Equity Ratio of 2.19 times in FY18 as improved from 3.94 times in FY17. The company recorded a marginal increase in revenue at Rs. 25.46 crs in FY18 as against Rs. 25.16 crs in FY17.

Intense Competition:

On account of intense competition prevailing in the industry, players have limited bargaining power and offer discounts to ensure healthy utilisation of their storage capacity.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Aakarshit Ice & Cold Storage Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Aakarshit Ice and Cold Storage Ltd ("Company" or "AICSPL") was incorporated in 1997, situated in Indore, MP. The company is promoted by Mr. M. S. Madaan and Mr. Naveen Madaan. AICSPL's main line of business is Cold Storage Facility, they also trade in agricultural commodities like potato, carrot, chana and jaggery. The storage capacity is 22000MT, the company undertook capacity expansion of 5100 MT the project completed in January 2018.

Company Financial Performance

In FY18 the company has earned a revenue of Rs 25.46 cr with a PAT of Rs 1.09 cr vis-a-vis Rs 25.16 cr & Rs 0.75 cr in FY17. In FY18, the company reported an operating profit margin of 12.52 % and net profit margin of 4.29 %

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	12.49	BWR B- (Outlook: Stable)	NA	NA	NA
	Total		12.49	₹ Twelve Crores and Forty Nine Lakhs Only			

Status of non-cooperation with previous CRA - Crisil in its press release dated May 23, 2018 had inter-alia mentioned the following ‘Aakarshit Ice and Cold Storage Pvt Ltd’ have not provided information for carrying out review of Rating (Crisil B+) deposit close follow ups, further migrating the rating to ‘Issuer Non Cooperation’.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	25.46	25.16
EBITDA	₹ Cr	3.19	2.07
PAT	₹ Cr	1.09	0.75
Tangible Net worth	₹ Cr	5.55	3.46
Total Debt/Tangible Net worth	Times	2.19	3.94
Current Ratio	Times	1.29	1.15

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Trading Entities](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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