

## Rating Rationale

### Aditya Hi-Tech Cold Storage

17 Nov, 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 7.05 Crores of Aditya Hi-Tech Cold Storage.(ACS)

#### Particulars

Facility Rated	Present Limits (Rs. Crs)	Tenure	Present Rating *
<b>Fund Based</b>	<b>7.05</b>	<b>Long Term</b>	<b>BWR B+</b>  (Pronounced BWR Single B Plus)  <b>Outlook: Stable</b>
Cash Credit	0.25		
Term Loan	6.80		
<b>Total</b>	<b>Rs. 7.05 Crores (INR Seven Crores Five Lacs Only )</b>		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials of FY17, projected financial statements up to FY19, publicly available information and information provided by the bank/management.

The assigned rating factors the experience of the promoters in the business, location advantage of the unit being in the proximity of potato cultivation area and the project having been executed as per the estimates. The rating is, however, constrained by the low scale of operations and revenues and margins being vulnerable to the inherent risks associated with agro commodities

#### Key Rating Drivers:

The promoters have an extensive experience of the business and have established relations with the farmers and agro traders.

Locational advantage of being established in a traditional potato growing area; though the facilities can also be utilized to store most of the agro commodities

The project, though small, was executed without any time or cost overrun. The stipulations of the lenders regarding capital have been met. Revenues during FY17 at Rs.3.12 Crs are higher than the estimates of Rs.2.60 Crs. Profitability with NPM at 12.11% and debt service ratios with DSCR at 1.89 and ISCR at 2.79 are considered satisfactory. The unit is also eligible for a Government subsidy of Rs.2.05 Crs.

Revenues and margins of the unit remain vulnerable to the inherent risks associated with agro commodities, in particular to the crop harvest in areas nearby the unit. Transport costs are considered to play a major role in a trader/farmer to decide on the facility to store the agro produce.

#### **Analytical Approach (Wherever applicable):**

Ratings have been based on the undernoted hyperlinked rating criteria.

#### **Rating Outlook: Stable**

BWR believes Aditya Hi- Tech Cold Storage's 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 profitability show substantial improvement. The rating outlook may be revised to 'Negative' if the revenues and profit margins show lower than expected figures or there is deterioration in the financial risk profile.

#### **About the Company**

Aditya Hi-Tech Cold Storage is partnership firm, established on 31.08.2015, with Mr. Suresh Mali and Mr.Manojkumar Devda as the partners. ACS has set up a cold storage facility for agro products, at Idar, District Sabarkantha, Gujarat with an installed capacity of 8250 MTs. The cost of project was Rs.9.15 Crs funded by a term loan of Rs.6.80 Crs and the balance of Rs. 2.69 Crs by capital/unsecured loans. The project was executed in time and FY17 was the first year of operations.

#### **Company Financial Performance**

Company reported total operating income of Rs 3.12 Crs and a net profit of Rs.0.38 Crs in FY17 (Audited). The promoters have conveyed that the unit has achieved sales of Rs.2.30 Crs during HYFY18.

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17(A)
Operating Income	Rs. Crores	---	3.12
EBITDA	Rs. Crores	---	2.03
PAT	Rs. Crores	---	0.38
Tangible Networth	Rs. Crores	---	3.49
Total Debt	Rs. Crores	---	6.87
Total Debt :TNW	Times	---	1.97

**Rating History for the last three years:**

Sl. No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	7.05	<b>BWR B+</b> (Pronounced BWR Single B Plus) <b>(Outlook: Stable)</b>	NA	NA	NA
	<b>Total</b>		<b>Rs. 7.05 Crores (INR Seven Crores and Five Lacs Only )</b>				

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not applicable

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

#### **DISCLAIMER**

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