



## Rating Rationale

### Amardeep Cold Storage

7 Aug 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.00 Crores of Amardeep Cold Storage**

#### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	5.00	Long Term	<b>BWR B-</b> <b>(Pronounced as BWR Single B Minus)</b> <b>Outlook:Stable</b>
<b>Total</b>	<b>5.00</b>	<b>INR Five Crores 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 the firm's audited figures upto FY17, provisional FY18 and projected financial results upto FY22 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from experience of promoters and established relationship with customers, firm's geographical advantage and high profit margins. However, the rating is constrained by high gearing of the firm, weak debt protection metrics and exposure to agro climatic risk, Weak Liquidity risks etc

Further, being a partnership firm, any significant withdrawal from the capital/current account by the partner would adversely impact the capital structure, hence this remains a rating sensitivity.

#### Description of Key Rating Drivers

- **Credit Strengths:**

1. **Experience of promoters and established relationship with customers:** Mr. Chandubhai Patel and Raman Patel are the partners of the firm having an extensive experience of 10 years in the cold storage business.
2. **Geographical advantage:** The firm has a locational advantage of being established in a traditional potato growing area of Gujarat.
3. **High profit margins:** ACS has high net profit margin of 2.75% in FY17 and 4.43% in FY18.



Further, operating profit margin is at 16.49% in FY17 and 33.03% in FY18.

- **Credit Risks:**

1. **High gearing of the firm:** ACS is highly geared at 3.51 times in FY17 coupled with a low net worth of Rs.0.89 Crs as on 31st March 2017. TOL/TNW is moderately high at 3.62 times in FY17.
2. **Weak debt protection metrics:** The firm has below average debt protection metrics reflected by an DSCR at 0.22 times in FY17 and 0.55 times in FY18. However, the ISCR was moderate at 6.23 times in FY17 and 1.68 times in FY18.
3. **Exposure to agro-climatic risk:** Agro based commodities are main source of revenue for the concern and hence is highly dependent on monsoon and other climatic factors. Any adverse effect on climatic conditions can have an impact on net operating income of the firm.

### **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 **Amardeep Cold Storage** 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**

M/s Amardeep Cold Storage (ACS) is a partnership firm established in the year 2007 in Dehgam, Gujarat. Mr. Chandubhai Patel and Mr. Raman Patel are the 2 partners of the firm. ACS is engaged in warehousing business wherein it rents out a cold storage unit for exclusive storage of potatoes. The cold storage unit has a capacity of 10000 MT of potatoes ( 200000 Bags of 50 Kg each) .

### **Company Financial Performance**

Total operating income increased from Rs 0.90 Crs to Rs 1.01 Crs in FY18 (provisional). PAT has also increased from Rs 0.02 Crs in FY17 to Rs 0.04 Crs in FY18. Tangible net worth stood at Rs.0.89 Crs as on 31st March 2017.

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	5.00	<b>BWR B- (Outlook:Stable)</b>	NA	NA	NA
	<b>Total</b>		<b>5.00</b>	<b>₹ Five Crores Only</b>			

### Key Financial Indicators

Key Parameters	Units	2017	2016
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
Operating Revenue	₹ Cr	0.90	0.94
EBITDA	₹ Cr	0.15	0.33
PAT	₹ Cr	0.02	0.04
Tangible Net worth	₹ Cr	0.89	0.91
Total Debt/Tangible Net worth	Times	3.51	5.47
Current Ratio	Times	0.12	0.06

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website



Analytical Contacts	Media
<i>Sushil Kumar Chitkara</i> <i>DGM-Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	Relationship Contact
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

#### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

#### 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, 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 ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.