



## Rating Rationale

Anil Ice and Cold Storage

26 Apr 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.09 Crores of Anil Ice and Cold Storage.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.09	Long Term	<b>BWR B- (Pronounced as BWR Single B Minus) Outlook: (Stable)</b>
<b>Total</b>	<b>7.09</b>	<b>INR Seven Crores Nine Lakhs 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 relied upon the audited financials FY 17 and Provisional upto FY18, publicly available information and information provided by the management.

The rating assigned to the bank facilities of Anil Ice and Cold Storage positive factors from the experienced promoter. The ratings are however; continue to remain constrained due to the Modest Scale of operations, weak credit profile marked by small scale of operation, weak debt protection metrics.

Going forward, the ability of company to improve up Capital Base/Gearing Ratio, scale up its operation and profitability margins, improve its credit profile, manage its working capital effectively and service debt repayment timely would be the key rating sensitivity.

### Description of Key Rating Drivers

**Experienced Promoter:** The partner of the firm have experience of more than 2 decade in operating the cold storage business.



**Small Scale Of Operation:** The firm has a track record of more than two decades yet it has Small Scale of operation considering the existence of the firm. The firm has recorded a total revenue of Rs.2.47 crs in FY17 as against the revenue of Rs.2.24 Crs in FY16.

**Stretched debt protection metric:** Firm interest coverage ratio has subdued at 0.98 times and debt services coverage ratio also subdued at about 0.80 times in FY 17.

**Low Tangible Net Worth** -As per the operation and level of debt the tangible net worth is low due to which high gearing reflected by Total Debt/TNW negative (37.73) times in FY 17 and 5.47 times in Provisional FY18.

**Working Capital intensive nature of business:** The firm operates in a working capital intensive nature of business. The company has stretched receivables.

**Exposure to agro climatic risk:** Operation of the firm are dependent upon single commodity- potato, making the firm susceptible to agro climatic risk.

**Limitation of partnership concern:** Being a partnership firm, the firm is exposed to inherent risk of any withdrawals by the partners may impact the capital structure of firm.

**Intense competition:** The company operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits the bargaining power.

### **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 **Anil Ice and 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. Anil Ice and Cold Storage is a Partnership firm established in 1986. Mr. Anil Agarwal and Mrs. Anita Agarwal are the partners of the firm. They are engaged in the business of cold storage. The firm cold storage capacity upto 142720 Qtls.

### Company Financial Performance

The entity generated total operating income of ₹ 2.47 Crs. in FY17 compared to Rs. 2.24 Crs in FY16. Profit after tax of company stood at ₹ 0.10 Crs. in FY17 as compared to ₹ 0.09 Crs in FY16. The tangible net worth of the company stood at Rs. (0.19) Crs. as on 31-3-2017. As shared provisional FY18, firm has achieved total operating income of ₹ 2.53 Crs & The tangible net worth of the company stood at Rs. 1.30 Crs.

### 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
	<b>Fund Based</b>	Long Term	7.09	<b>BWR B-</b>	N.A	N.A	N.A
	<b>Total</b>		<b>7.09</b>	<b>₹ Seven Crores Nine Lakhs Only</b>			

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

Any other information: N.A

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	2.47	2.24
EBITDA	₹ Cr	1.00	0.81
PAT	₹ Cr	0.10	0.09
Tangible Net worth	₹ Cr	(0.19)	(0.09)
Total Debt/Tangible Net worth	Times	(37.73)	(84.44)
Current Ratio	Times	1.52	1.57



## Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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](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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



#### **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.