

Rating Rationale

Brickwork Ratings Revises the long term ratings from BWR BB to 'BWR D' to Anubhuti Cold Chains Pvt. Ltd. for the decreased Bank Loan Facilities of ₹6.83 Cr

Brickwork Ratings (BWR) has revised the following **Rating¹** for the Bank Loan Facilities of ₹ 6.83 Cr of Anubhuti Cold Chains Pvt. Ltd (**"the Company"**).

Facilities	Previous Limits in (₹ Cr)	Present Limits in (₹ Cr)	Tenure	Initial Rating Mar 2014	Review Rating Dec 2015
Cash Credit (Fund Based)	6.00	3.60	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR D (Pronounced as BWR D) (Down-gradation)
Term Loan (Fund Based)	1.38	0.67			
WCTL (Fund Based)	-	2.40			
FITL (Fund Based)	-	0.16			
Total	7.38	6.83	INR Six Crores & Eighty Three Lakhs only		

BWR has principally relied upon the audited financial results up to FY15 of Anubhuti Cold Chains Pvt. Ltd, and clarifications provided by the Company management.

The rating has factored in, inter alia, the established track record of the promoters in the cold storage industry, besides the locational advantage of the plant. The rating, however, is constrained by defaults in debt serving obligations and interest payments, weak financial profile, marked by high gearing, weak debt protection metrics, stressed liquidity position and competition from various unorganised traders in fruit trading business in Himachal Pradesh.

Background

Incorporated in Oct, 2007, Anubhuti Cold Chains Pvt. Ltd. is engaged into the business of providing cold storage facility for fruits & vegetables, as well as trading in fruits. The registered office of the Company is in Chandigarh. Their main business is to facilitate the growers of various kinds of fruits, in the State of Himachal Pradesh, by providing them with storage facilities for their products in CA (Controlled Atmospheric) /MA (Moderate Atmospheric) Chambers. For this, the Company buys various kinds of fruits from farmers and whole sale traders, during crop season, at negotiated prices, and then sells the fruits in different areas of the country after proper sorting, grading, and packing. The Company has cold storage chambers & repining unit with the capacity of 900 M.T and 140 MT respectively.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The plant's integrated storage capacity is at 3500 M.T. as of March 31, 2015. Mr. Rajinder Garg (Promoter) held 35% stake in the Company followed by other Garg family members and relatives (65%). Mr. Rajinder Garg is the Managing Director of the Company. He is responsible for overall administration, processing & marketing functions and technical supervision in the Company.

Financial-Performance

Total turnover of the Company declined from ₹ 44.82 Cr in FY14 to ₹ 34.00 Cr in FY15. Profit After Tax declined significantly from ₹ 0.77 Cr in FY14 to ₹ (3.76) Cr in FY15. The Company's Operating Profit and Profit After Tax margins stood at (7.51)% and (11.05)% respectively in FY15. The Company's Tangible Net Worth declined to ₹ 2.60 Cr in FY15 from ₹ 5.90 Cr in FY14.

Rating-Sensitivity:

Timely payment of debt obligation, infusing equity capital and increase in scale of operations would be the key rating sensitivities for the company.

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