

Rating Rationale

Brickwork Ratings revises the long term ratings from ‘BWR BB’ to ‘BWR D’ of Anubhuti Logistics Pvt. Ltd. for the decreased Bank Loan facilities of ₹5.81 Cr

Brickwork Ratings (BWR) has revised the following **Ratings**¹ for the Bank Loan Facilities of ₹ 6.83 Crores of Anubhuti Logistics Pvt. Ltd. (ALPL or the “Company”).

Facilities	Previous Limits in (₹ Cr)	Present Limits in (₹ Cr)	Tenure	Initial Rating Mar 2014	Review Rating May 2016
Cash Credit (Fund Based)	5.00	3.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR D (Pronounced as BWR D) (Down-gradation)
Term Loan (Fund Based)	2.26	0.67			
WCTL (Fund Based)	-	2.00			
FITL (Fund Based)	-	0.14			
Total	7.26	5.81	INR Five Crores and Eighty One Lakhs Only.		

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

The rating has factored in, inter alia, the defaults by the Company in its debt serving obligations and interest payments ostensibly owing to inventory losses during FY15, marked by high gearing, weak financial profile, weak debt protection metrics, stressed liquidity position and competition from various unorganised traders in fruit trading business in Himachal Pradesh. However, the Company has an established track record of operations in the logistics and cold storage industry, besides the locational advantage of its cold storages.

Background

Incorporated in Dec, 2010, Anubhuti Logistics Pvt. Ltd. is engaged in the businesses of providing cold storage facilities for fruits & vegetables, as well as trading in fruits. The registered office of the Company is located at 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 with the capacity of 940 M.T to store different types of Fruits and Vegetables. The plant has sufficient open space for keeping the various kinds of vegetables and fruits inside in the unit.

For this, the Company buys various kinds of fruits from farmers and whole sale traders, during cropping 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. Mr. Rajinder Garg (Promoter & Managing Director) holds 51 % stake in the Company

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

followed by other family members and relatives (49%). He oversees overall administration, processing & marketing functions and technical supervision.

Financial Performance

Total turnover of the company declined from ₹ 35.08 Cr in FY14 to ₹ 28.16 Cr in FY15. Profit after tax declined significantly from ₹ 0.82 Cr in FY14 to ₹ (2.76) Cr in FY15. The Company's operating profit and profit after tax margins stood at (4.87) % and (9.79) % respectively in FY15. The company's tangible net worth declined to ₹ 4.69 Crores in FY15 from ₹ 7.45 Crores 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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