



Rating Rationale

Asian Cold Storage

24 Dec 2018

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of Rs. 5.50 Crs of Asian Cold Storage.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Term Loan	5.50	Long Term	BWR B (Pronounced as BWR Single B) (Outlook: Stable)
Total	5.50	INR Five Crores and Fifty Lakhs Only	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating: Long Term Rating Assigned

Brickwork Ratings assigned the long-term rating of 'BWR B (Outlook:Stable)' for the bank loan facilities of Rs. 5.50 Crores of Asian Cold Storage.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws comfort from locational advantage of the upcoming cold storage unit of the firm being located in an agricultural region, nearly 70-80% of completion of the project & expected commencement of operation from February, 2019 as informed by the management. However, the rating is constrained by nascent stage of business as the firm is yet to commence its operations, time & cost overrun risks associated with execution of the project and any adverse effect of climatic conditions on production of agro-commodities which may impact the operating income of the firm. Going forward, ability of the firm to complete the project on time, achieve its projected revenue, and to generate sufficient profit margins so as to meet its repayment obligations on time will remain the key rating sensitivities.



Rating Outlook: Stable

BWR believes that the business risk profile of M/s Asian Cold Storage 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.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Locational Advantage :** Locational advantage of the firm as the cold storage unit under construction is located at Bhagwanpur village in Dera Bassi , Punjab, which is an agricultural area.
- **Nearly 70-80% Project Completion:** As informed by the management nearly 70-80% construction work of the cold storage unit of the firm have been completed and the commercial operations of the firm are expected to start from February, 2019.

Credit Weaknesses

- **Limited Track Record:** Limited track record, as the firm is yet to start its commercial operation and yet to achieve its projected revenues.
- **Inherent Risk Associated to Adverse Climatic Conditions:** Production of agro commodities are highly dependent on monsoon and other climatic conditions. Any diverse effect may impact the operating income of the firm.

About the Firm:

M/s Asian Cold Storage is a partnership firm established in 2016 and based in Dera Bassi, Punjab. The firm has four partners namely Mr. Ravinder Gupta, Mr. Aman Gupta and Mrs. Veena Gupta and Mrs. Himali Gupta. The firm is constructing a cold storage unit at Bhagwanpur village in Dera Bass, Punjab in a land area of 2.5 acres. The firm will provide storage facility to farmers to store agricultural and horticultural products.

About the Project:

The firm is constructing a cold storage unit at Bhagwanpur village in Dera Bassi. Punjab in a land area of 2.5 acres. The cost of the project was estimated at Rs. 8.67 crores out of which partners contribution will be Rs. 1.97 Crores, unsecured loan from friends, family members and related parties will be of Rs. 0.30 Crores and Bank Borrowings will be of Rs. 6.40 Crores. Till now the partners has infused capital of Rs. 1.50 Crores and a term loan of of Rs. 5.50 Crores has been sanctioned for the project. As per the information provided by the management nearly 70-80% construction of the cold storage unit has been completed till now and the firm is expecting to start its commercial operation from February, 2019.

Parameters	31-Mar-2020	31-Mar-2021
	(Projected)	(Projected)
Total Operating Income (Rs. Crores)	2.19	2.35
EBIDTA (Rs. Crores)	1.60	1.70
PAT (Rs. Crores)	0.31	0.34
Tangible Net Worth (TNW) (Rs. Crores)	2.23	2.17
Total Debt : TNW (Times)	2.93	2.67
Current Ratio (Times)	90.81	85.68

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1	Term Loan	Long Term	5.50	BWR B (Pronounced as BWR Single B) Outlook: Stable	Nil	Nil	Nil
Total			5.50	INR Five Crores and Fifty Lakhs Only			

Hyperlink/Reference to applicable Criteria

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



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 Investors queries can be sent to 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.

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