



## Rating Rationale

### Mahadev Cold Storage

2 Aug 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 9.38 Crores of Mahadev Cold Storage.

## Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Open Cash Credit Term Loan	5.20 4.18	Long Term	BWR B+ Pronounced as BWR Single B Plus Outlook: Stable
<b>Total</b>	<b>9.38</b>	<b>INR Nine Crore Thirty Eight Lakh 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 principally relied upon audited financials upto FY17, provisional financials upto FY18, publicly available information and information/clarifications provided by the management.

The rating draws comfort from experienced partners and comfortable debt protection metrics. The rating is however, constrained by small scale of operations, low tangible net worth and partnership constitution.

### Description of Key Rating Drivers

#### Credit Strengths:

- **Experienced partners:** Partners have more than a decade of experience in the same line of business and have gained through knowledge of the market.
- **Moderate debt protection metrics:** Debt protection metrics such as ISCR and DSCR stood at 2.14X and 1.56X respectively for FY17 which is considered to be at moderate level.

#### Credit Risks:

- **Small Scale of Operations:** Firm has achieved turnover of Rs 3.90 Cr as per FY18(P) as against Rs 3.06 Cr for FY17 which is considered to be small.
- **High Gearing & Low Tangible Networth:** Firm's overall gearing(TOL/TNW) stood at 3.42X which is considered to be high due to low tangible networth of Rs 3.16 Cr for FY18.



- **Partnership constitution:** Mahadev cold storage being a partnership firm is exposed to inherent risk of capital being withdrawn at a time of personal contingency and risk of dissolution.

### 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 **Mahadev 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 profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues and profitability margins show lower than expected figures.

### About the Company

Mahadev Cold Storage, a partnership firm established in the year 2007 is engaged in the business of renting its cold storage facility for potatoes to the local farmers and also provide loans to farmers on its crop which are recovered at the time of release of the produce for sale. Mr Indra Pal Singh, Ms Manju Devi, Ms Kalpana Tiwari, Mr Arun Kumar Rathore, Mr Varun Kumar Rathore and Mr Pushkar Rathore are currently partners in the firm and manage day to day operations of the entity.

Its storage facility located at Jullapur Sihor, Aligarh.

### Company Financial Performance

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	2.64	3.06
EBITDA	₹ Cr	0.87	1.21
PAT	₹ Cr	0.12	0.12
Tangible Net worth	₹ Cr	2.16	2.95
TOL/TNW	Times	2.22	2.82
Current Ratio	Times	1.45	0.71



### 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 OCC Term Loan</b>	Long Term	5.20 4.18	<b>BWR B+ Outlook: Stable</b>	NA	NA	NA
	<b>Total</b>		<b>9.38</b>	<b>₹ Nine Crore Thirty Eight Lakh Only</b>			

**Status of non-cooperation with previous CRA (if applicable):** As per advisory published on CARE website dated 6th April 2018 rating migrated to ‘CARE B+;Stable; issuer not cooperating’ as client did not provide requisite information for monitoring the rating.

### Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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**

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