

Rating Rationale

Shivin CA Store

27 June 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 5.72 Crores of Shivin CA Store.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Term Loan	5.72	Long Term	BWR D (Pronounced as BWR D)
Total	5.72	INR Five Crore and Seventy Two Lakhs Only	

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

Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR D' to the bank loan facilities aggregating Rs. 5.72 Crore of M/s Shivin CA Store, ('SCAS', or 'the 'Firm').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the projections upto FY21, publicly available information and information/clarifications provided by the management of the company.

The rating has factored, interalia, key promoter's experience in fruit trading business and locational advantage of the cold storage unit. However, the rating is constrained by implementation risk associated with the project, potential threat from already existing players in the vicinity, low networth of the firm and delay in timely servicing of its interest obligations. Going forward, the ability of the firm to service its debt obligations on time and to implement the project at an early date and begin to generate sufficient cash accruals to meet its debt obligations would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Locational Advantage:** The firm is located in Solan cluster and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors making the company more efficient.
- **Experience of promoters:** The promoters have presence in trading of fruits and vegetables, and have also been selling apples from their own orchards.

Credit Risks:

- **Implementation risk associated with project:** Completion of project without additional time overrun remains a key rating sensitivity factor.
- **Low Net Worth :** Net worth of the firm stood low at Rs 0.30 crs as on 31.03.2018
- **Competition in the Industry:** Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability

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).

About the Firm:

M/s Shivin CA Store is a partnership firm promoted by Mr. Shivin Chauhan and Miss. Shyna Chauhan with the objective of setting up an integrated cold chain unit in the state of Himachal Pradesh. The firm has been promoted to carry on the business of sale, purchase, storage, grading, processing, marketing, packaging, trading, import & export of Himachal fruits & vegetables in integrated Cold Atmosphere Chambers and also to facilitate the interested growers of various kinds of Himachal fruits by providing them the facility of storage of their Agro Products. The unit has 24 chambers with a total capacity of 5700 MT of controlled atmosphere chambers made of puff panels to store different type of Himachal fruits/vegetables.

Firm's Financial Performance:

The final project cost for the unit is Rs.14.88 crs. There has been no income in FY19 due to delay in the start of operations of the unit. The firm has projected to achieve a turnover of Rs. 23.52 crs in FY 20. TNW of the firm stood at Rs. 0.30 crs in FY18 as against Rs. 0.59 crs in FY 17.

Key Financial Indicators:

Key Parameters	Units	2020	2021
Result Type		(Projected)	(Projected)
Operating Revenue	₹ Cr	23.52	18.90
EBITDA	₹ Cr	2.03	1.88
PAT	₹ Cr	0.34	0.67
Tangible Net worth	₹ Cr	10.11	8.73
Total Debt/Tangible Net worth	Times	2.42	2.37
Current Ratio	Times	1.56	1.65

Rating History for the last three years:

S.No	Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	5.72	BWR D (Pronounced as BWR D)	NA	NA	NA
	Total		5.72	₹ Five Crore and Seventy Two Lakhs Only			

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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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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