

Press Release

Pashupatinath Refrigeration Private Limited

February 17, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 12.59 Cr.
Long Term Rating	SMERA B/ Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the rating of '**SMERA B**' (read as **SMERA B**) to the Rs.12.37 crore long term (fund based) bank facility and **SMERA A4 (read as SMERA A four)** to the Rs. 0.22 crore short term (non-fund based) bank facility of Pashupatinath Refrigeration Private Limited (PRPL). The outlook continues to remain '**Stable**'.

Pashupatinath Refrigeration Private Limited (PRPL), was incorporated in 2012 by Mr. Biswanath Roy and Mr. Arun Kumar Trivedi for providing services of cold storage for potato apart from trading of potatoes.

Key rating drivers

Strengths

• Experienced management with long track of operations

The management, Mr. Biswanath Roy and Mr. Arun Kumar Trivedi of the company is having more than a decade of experience in the same line of business through its group companies.

Weaknesses

• Weak financial risk profile

The financials of the company is weak marked by low networth, high gearing and comfortable debt protection measures. The networth of the company stood at Rs.2.02 crore as on March'2017 as against Rs.3.01 crores in the previous year. Further the networth of the company includes unsecured loans of Rs.0.20 which is subordinated to bank debt. Hence SMERA has treated it as quasi equity. The gearing stands at 5.46 times as on March'2017 as against 4.09 times in the previous year. The interest coverage ratio stood at 1.28 times as on March'2017 as against 1.32 times in the previous year. The TOL/TNW of the company stood at 6.30 times as on March'2017 as against 4.50 times in the previous year. The company barely made profit of Rs0.06 crore in FY17 and net cash accruals stood at Rs.0.28 crores and there is a CPLTD mismatch (Rs. 0.72 Cr) for FY17.

• Small scale of operations

The company reported revenue of Rs.5.83 cr in FY17 as against Rs.4.14 crore in the previous year. Hence the company is having small scale of operations.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of the firm.

Outlook – Stable

SMERA believes that PRPL outlook will remain stable owing to the extensive experience of the promoter. The outlook may be revised to 'Positive' if PRPL is able to scale up the operations with improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in operating income or deterioration in the financial risk profile.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	5.83	4.14	4.32
EBITDA	Rs. Cr.	1.24	1.15	1.66
PAT	Rs. Cr.	0.06	0.04	0.08
EBITDA Margin	(%)	21.19	27.81	38.37
PAT Margin	(%)	1.03	0.95	1.77
ROCE	(%)	7.11	6.15	6.90
Total Debt/Tangible Net Worth	Times	5.46	4.09	4.45
PBDIT/Interest	Times	1.28	1.32	1.65
Total Debt/PBDIT	Times	6.30	4.50	4.97
Gross Current Assets (Days)	Days	442	766	646

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Service Entities - <https://www.smera.in/criteria-services.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument/ Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
05 December, 2016	Cash Credit	Long Term	8.03	SMERA B/ Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.22	SMERA A4 (Reaffirmed)
	Term Loan	Long Term	4.34	SMERA B / Stable (Reaffirmed)
01 Sept, 2015	Cash Credit	Long Term	8.03	SMERA B / Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.22	SMERA A4 (Reaffirmed)
	Term Loan	Long Term	4.34	SMERA B/ Stable (Reaffirmed)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.03	SMERA B/ Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.22	SMERA A4 (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.34	SMERA B/ Stable (Reaffirmed)

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ABOUT SMERA

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