

## Press Release

Arbind Cold Storage Private Limited (ACSPL)

29 May 2018

Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 5.56 Cr.
<b>Long Term Rating</b>	SMERA B-/ Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 5.56 crore bank facilities of Arbind Cold Storage Private Limited. The outlook is '**Stable**'.

Arbind Cold Storage Private Limited (ACSPL) was established in the year of 2009 by Mr. Amar Kumar, Mrs. Indu Devi and Mrs. Anupama Rani and is engaged in providing cold storage apart from trading of potatoes with an installed capacity of 9000 metric tonnes per annum (MTPA). The company has their cold storage facility in Samastipur, Bihar.

### Key Rating Drivers

#### **Strengths**

- **Experienced management**

The directors of the company Mr. Amar Kumar, Mrs. Indu Devi and Mrs. Anupama Rani have experience of almost a decade in the agricultural industry.

#### **Weaknesses**

- **Weak financial risk profile**

The weak financial risk profile of the company is marked by low Networth, high gearing and moderate debt protection metrics. The net worth of the company stood low at Rs.3.05 crore in FY2017 as compared to Rs.2.08 crore in FY2016. The gearing of the company stood high at 2.01 times in FY2017 as compare to 1.81 times in FY2016. The total debt of Rs.6.12 crore consists of long term loan of Rs.3.89 crore and short term debt of Rs.2.23 crore. The interest coverage ratio (ICR) of the company stood moderate at 1.56 times in FY2017 as compare to 1.60 times in FY2016. The debt service coverage ratio (DSCR) of the company stood comfortable at 1.40 times in FY2017 as compared to 0.73 times in FY2016. The net cash accruals against the total debt stand moderate at 0.03 times in FY2017 as compare to 0.06 times in FY2016.

- **Small scale of operation**

Though the company has started operation since 2009, the scale of operation stood low at Rs.2.92 crore in FY2017 as compared to Rs.1.45 crore in FY2016. The company has booked Rs.2.00 crore till February in FY2017 (Provisional).

- **Working capital intensive nature of operation**

The working capital intensive nature of operations is marked by high gross current asset (GCA) days of 402 days in FY2017 as compared to 855 days in FY2016. The inventory days stood high at 242 days in FY2017 as compared to 19 days in FY2016. This is mainly due to inherent nature of cold storage business. Debtor days of the company stand nil on account of lean period in the cold storage business from December to March.

### **Analytical Approach**

For arriving at the ratings SMERA has considered the standalone financial performance and financial risk profile of ACSPL.

### Outlook: Stable

SMERA believes that ACSPL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm achieves more than envisaged sales and registers a sustained improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and deterioration in working capital management.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	2.92	1.45	2.57
EBITDA	Rs. Cr.	0.78	0.65	0.71
PAT	Rs. Cr.	(0.03)	0.04	0.02
EBITDA Margin	(%)	26.70	44.81	27.79
PAT Margin	(%)	(1.05)	2.42	0.85
ROCE	(%)	7.44	7.81	15.92
Total Debt/Tangible Net Worth	Times	2.01	1.81	1.87
PBDIT/Interest	Times	1.56	1.60	1.61
Total Debt/PBDIT	Times	7.69	5.68	5.31
Gross Current Assets (Days)	Days	402	855	431

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

NA

### Any other information

NA

### 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-service.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Not Applicable

### \*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	1.56	SMERA B-/Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.25	SMERA B-/Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.75	SMERA B-/Stable
Working Capital Demand Loan	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B-/Stable

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