

Press Release

Girnar Cold Storage And Warehousing Private Limited

November 16, 2018



Rating Upgraded

Total Bank Facilities Rated*	Rs. 11.34 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable (Upgraded from ACUITE D)

* Refer Annexure for details

Rating Rationale

Acuité has upgraded long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) from **ACUITE D** (**read as ACUITE D**) on the Rs.11.34 crore bank facilities of Girnar Cold Storage And Warehousing Private Limited (GCSW). The outlook is '**Stable**'.

The upgrade is in the view of default being cured by the company.

Incorporated in 2013, GCSW is a private limited company promoted by Mr. Rajesh Laxman Ramsinghani and Mr. Sunil Laxman Ramsinghani. The firm is engaged in maintaining two cold storages one in Sehod (Manpur near Pithampur) and second in Sodang (near Ujjain) with 10500 metric tonnes each of storage area.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of GCSW to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

GCSW, incorporated in 2013, is promoted by Mr. Rajesh Laxman Ramsinghani and Mr. Sunil Laxman Ramsinghani. Mr. Harish Gupta manages the day to day routine of the company, having 3 years of experience in the same line of business.

Weaknesses

- **Small scale of operations**

The scale of operation is small with operating revenue of Rs. 3.65 crore in FY 2018 (Provisional) as against 2.17 crore in FY2017 from its cold storage and warehouse. Going forward, the company's operating income is expected to be augmented by rental income received by dealing in potatoes and carrots.

- **Weak financial risk profile**

The average financial risk profile is marked by moderate net worth, high gearing and moderate debt protection metrics. The net worth improved from Rs. 6.97 crore in FY2017 to Rs. 9.90 crore in FY2018 (Provisional) mainly on account of capital infusion. The gearing stood high at 2.59 times as on 31 March, 2018.

Outlook: Stable

Acuité believes that GCSW will maintain a 'Stable' outlook over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case GCSW registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.65	2.17	1.64
EBITDA	Rs. Cr.	1.59	0.77	0.56
PAT	Rs. Cr.	2.94	3.59	-1.29
EBITDA Margin (%)	(%)	43.54	35.58	34.37
PAT Margin (%)	(%)	80.44	165.59	-78.47
ROCE (%)	(%)	-0.86	-2.86	-3.35
Total Debt/Tangible Net Worth	Times	2.59	2.59	3.83
PBDIT/Interest	Times	2.59	1.14	1.00
Total Debt/PBDIT	Times	16.11	23.29	19.74
Gross Current Assets (Days)	Days	789	948	557

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities in service sector- <https://www.acuite.in/view-rating-criteria-8.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
08-Jun-2018	Term Loan	Long Term	3.00	ACUITE D (Assigned)
	Term Loan	Long Term	2.09	ACUITE D (Assigned)
	Term Loan	Long Term	2.53	ACUITE D (Assigned)
	Proposed BankFacility	Long Term	2.07	ACUITE D (Assigned)
	Term Loan	Long Term	1.65	ACUITE D (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	1.65	ACUITE B- / Stable (Upgraded from ACUITE D)
Term loans	Not Applicable	Not Applicable	Not Applicable	2.53	ACUITE B- / Stable (Upgraded from ACUITE D)
Term loans	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B- / Stable (Upgraded from ACUITE D)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.07	ACUITE B- / Stable (Upgraded from ACUITE D)
Term loans	Not Applicable	Not Applicable	Not Applicable	2.09	ACUITE B- / Stable (Upgraded from ACUITE D)

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About Acuité Ratings & Research:

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