

Press Release

Tirupati Cold Storage

September 26, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.10 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 12.10 crore bank facilities of Tirupati Cold Storage. The outlook is '**Stable**'.

TCS was established in 2015 as a partnership firm by Mr. Manoj Patidar and Mr. Kashiram Patidar. TCS is engaged in providing potato cold storage facility for Pepsico, Technico Pty Limited, Balaji, Haldiram and Parle. The firm has installed capacity to store 7800 metric tonnes per annum (MTPA). TCS has its cold storage facility at Harsodan (Ujjain).

Key Rating Drivers

Strengths

- **Experienced Partners and reputed clientele**

The Partners hailed from an agriculture background and Mr. Kashiram Patidar with more than two decades of experience in agriculture sector. This experience enables TCS to deliver quality service to their reputed clients like Pepsico, Technico Pty Limited, Balaji Haldiram and Parle.

Weaknesses

- **Small scale of operations**

The scale of operation of TCS stood at relatively small level with revenue of Rs.5.00 crore in FY2018 (Provisional) as compared to Rs.2.56 crore in FY2017. The growth of revenue in FY2018 (Provisional) was mainly on the account of additional trading of seedpotatoes.

- **Moderate financial risk profile**

The financial risk profile of TCS is marked by comfortable net worth, moderate gearing and healthy debt protection measures. The net worth of the TCS stood at Rs.4.37 crore as on 31 March, 2018 (Provisional) as against Rs.4.29 crore as on 31 March, 2017. The gearing of firm remains at around 1.86 times in FY2018 (Provisional) as compared to 1.97 times in the previous year. TOL/TNW levels stood at 1.87 times in FY2018 (Provisional). The debt protection metrics are moderate as the interest coverage ratio (ICR) and Debt service coverage ratio (DSCR) both stood at 2.82 times FY2018 (Provisional) as compared to 3.18 times for FY2017. Debt-to-EBITDA stood high at 4.96 times in FY2018 (Provisional).

Analytical Approach

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

Outlook: Stable

Acuité believes the outlook on TCS will remain 'Stable' over the medium term on account of its experienced partners in agriculture sector. The outlook may be revised to 'Positive' if the firm registers significant and sustainable growth in revenue and profitability while maintaining a comfortable liquidity position and capital structure. Conversely, the outlook may be revised to 'Negative' in case the firm registers significant decline in cash accruals or stretched working capital cycle resulting in deterioration of its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	5.00	2.56	2.05
EBITDA	Rs. Cr.	1.61	1.71	1.35
PAT	Rs. Cr.	0.07	0.06	0.02
EBITDA Margin	(%)	32.09	66.67	65.56
PAT Margin	(%)	1.34	2.46	0.86
ROCE	(%)	5.13	4.66	6.77
Total Debt/Tangible Net Worth	Times	1.86	1.97	2.12
PBDIT/Interest	Times	2.82	3.18	2.08
Total Debt/PBDIT	Times	4.96	4.94	6.68
Gross Current Assets (Days)	Days	71	117	61

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.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	0.50	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	6.29	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.81	ACUITE B / Stable

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About Acuité Ratings & Research:

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