



Press Release
T BHIMJYANI WAREHOUSING COLD CHAIN PRIVATE LIMITED
June 12, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	56.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	56.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**Acuite BBB-**' (read as **Acuite Triple B minus**) on the Rs.56.00 Cr. bank facilities of T Bhimjyani Warehousing Cold Chain Private Limited (TBWCCPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the established track record and experience of the promoters in the real estate industry over the last three decades leading to nearly 100 percent occupancy levels for its warehousing facility. The rating also draws comfort from the reputed tenant's profile for the company and long relationship with them. Further, the rating is supported by the defined payment waterfall mechanism for the company due to the escrow mechanism in place. The rating assigned also considers the DSRA equivalent to three months of repayment obligation maintained by the company as per the stipulation. However, these strengths are partly offset by the significant amount of capital being blocked in debtors and other assets consisting of loan given to one of the associate company. The rating also factors in the susceptibility of the lessee's performance along with occupancy and renewal risk.

About the Company

T Bhimjyani Warehousing Cold Chain Private Limited. (TBWCCPL) is promoted by the T Bhimjyani of Companies, Mumbai. TWCCPL was originally incorporated as M/s. R Tulsidas Agroproducts Pvt. Ltd. on 11th February 1987 in Mumbai. The company is engaged in the business of providing warehousing services like dry storage and cold storage, The current directors of the company are Mr. Surender Kumar Tuteja, Ms. Nehal Tulsi Bhimjyani, Mr. Naresh Timappa Earpula and Mr. Devang Tulsi Bhimjyani.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of T Bhimjyani Warehousing Cold Chain Private Limited (TBWCCPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operation with professional and experienced management

TBWCCPL has an established track record of operations dating back almost three decades, along with experienced management. The company is promoted by Bhimjyani group. The group has an extensive experience in the real estate industry. The experience of promoters is

also reflected in the growing scale of operations with nearly 100 percent occupancy level. The company provides warehousing services like dry storage and cold storage facility to client. For this, the company enters into rental agreement with clients. The average lease rental agreements for dry warehouse are for 3-5 years whereas for cold storage, the tenure of agreement is comparatively for a short period of time and vary from client to client. Over the years the company has successfully maintained a stable relationship with reputed clientele in different industries namely fast-food chain, pharma, dairy products, etc. The clientele of the company includes companies like Radhakrishna Foodland, Snowman Logistics, May & Bakers Pharmaceuticals Ltd, and many more.

Acuite believes that TBWCCPL will continue to benefit from its established track record of operations and stable relationships with reputed clients with consistently high occupancy rates.

Debt servicing supported by Escrow Mechanism and debt service reserve account (DSRA)

As per the terms of sanction for the term loan, it stipulates an escrow mechanism through which rent receipts are routed and used for payment as per the defined payment waterfall. Surplus cash flow after meeting tax expenses, operating expenses, debt servicing obligation, can be utilised for acceleration in debt repayment. Further, TBWCCPL also continues to maintain DSRA as per the stipulation. The current DSRA parked with the bank stands equivalent to upcoming three month of repayment obligations.

Weaknesses

Timely realization of debtors and capital advances

Along with lease rental income, the company until 31st March 2024 was also engaged in trading of Agro commodities based on opportunities. This involved buying and selling of agricultural commodities mainly rice with leveraging market conditions and demand fluctuations. As on 31st March 2024, debtors from this business vertical, remain significant for the company, amounting to Rs. 15.86 crore. Further, the company has also given out loan to one of its associate company for the purpose of acquiring land.

Acuite believes the timely realizations from both the debtors as well as capital advance which are given to the associate company will be a key rating sensitivity for the company.

Susceptibility to lessee' performance along with occupancy and renewal risk

TBWCCPL primarily generates cash flows from lease rentals. The company's ability to meet its repayment obligations will be dependent on the continued and timely flow of rentals as per the agreed terms under arrangement. The occurrence of events such as delays in receipt of rentals, or early exits/negotiation by lessee due to the latter's lower than expected business performance may result in disruption of cash flow streams thereby affecting TBWCCPL's debt servicing ability. Any significant renegotiations by the lessees can adversely impact the cash flows for the company.

Rating Sensitivities

- Successful negotiation in lease rentals leading to higher rental income.
- Timely realizations of debtors pertaining to trading business and capital advance given to associate company.

Liquidity Position Adequate

The liquidity of the company is adequate supported by ESCROW mechanism with a well-defined waterfall mechanism. Further, the company is maintaining a DSRA equivalent to upcoming three months of repayment obligations, which provides additional cushion to liquidity. The cash and bank balance of the company stood at Rs.2.75 Crore as on 31st March 2024 (Prov.). Further, the company has significant debtors outstanding over the years, amounting to Rs.15.86 crore which pertains to the trading business of the company. As per the management, the realizations of the same is on track. Acuite believes the successful

realizations of the debtors will further add up to the liquidity of the company. TBWCCPL has also given out loan to one of its associate company for the purpose of acquiring land. Any receipt of repayment from the associate will also add up to the liquidity of the company. Acuite expects that liquidity of the company is likely to remain adequate going ahead on account of annual rental escalation, successful realizations of debtors and receipt of repayment from the associate.

Outlook: Stable

Acuité believes that outlook on TBWCCPL will remain 'Stable' over the medium term backed by its promoters' industry experience and the long-standing relationship with its clients. The outlook may be revised to 'Positive' in case of higher rental income and successful realizations of debtors leading to sufficient cash accruals against the repayment obligations. Conversely, the outlook may be revised to 'Negative' in case of any drop in occupancy levels, non-renewal of lease agreements which will lead to deterioration of financial flexibility and liquidity for the company.

Other Factors affecting Rating

Acuité has considered DSRA equivalent to 3 months of repayment obligations and escrow mechanism, as specified in the loan sanction letter while arriving at the rating.

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	16.28	13.51
PAT	Rs. Cr.	1.45	0.28
PAT Margin	(%)	8.88	2.04
Total Debt/Tangible Net Worth	Times	2.14	2.07
PBDIT/Interest	Times	1.87	1.50

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.32	ACUITE BBB- Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2037	Simple	48.78	ACUITE BBB- Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	23 Jan 2039	Simple	5.90	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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