

Rinac India Limited

Instruments	Amount (Rs. crore ¹)	Rating Action ²
LT: Fund based facilities - CC	10.00	[ICRA]BBB- (Stable) reaffirmed
ST: Non fund based facilities	30.00 (enhanced from 25.00)	[ICRA]A3 reaffirmed
Total	40.00	-

ICRA has reaffirmed a long term rating of [ICRA]BBB- (pronounced ICRA triple B minus) to the Rs. 10.00 crore fund based facilities and a short term rating of [ICRA]A3 (pronounced ICRA A three) to the Rs. 30.00 crore (enhanced from 25.00 crore) non fund based facilities of Rinac India Limited (RIL/ the company). The outlook on the long-term rating is stable.

The rating takes into account RIL's long standing presence in the cold storage and refrigeration industry coupled with the sound technical expertise of the promoters. The ratings draw comfort from the healthy order book status—providing revenue visibility over the next 12-18 months—derived from its long term association with clients in the government and private sectors together with increased government initiatives lined up in the food processing sector. Also, RIL being an integrated cold storage infrastructure provider offering products like prefabricated sandwich panels and refrigeration & allied equipments enjoys better market position as against other competitors. Negligible debt levels with working capital supported by customer advances in most of its projects, helps the company maintain a healthy credit profile. Going forward with a proposed capex of Rs. 5.0 crore to be debt funded for corporate building is likely to moderate the credit profile over the next 12-18 months.

The ratings are however constrained by the intense competition in the highly fragmented industry due to low entry barriers especially in the private sector space. The ratings are also affected by the thin net profit indicators and the vulnerability of margins to fluctuation in raw material prices given the fixed price nature of contracts with its suppliers. The ratings are also impacted by the moderate scale of operations; even though favourable government policies offer strong future potential and business prospects for the industry. With the closure of Avigo fund, brought in FY2007 to the tune 39% of the share capital, there is uncertainty for the funding gap that needs to be bridged by a third party investor; the liability of which as confirmed by the management and PE does not lie with the company.

Going forward, RIL's ability to improve its scale, profit margins along with the ability of the company to find another strategic investor would be key credit monitorables.

Company Profile

Incorporated in 1994, Rinac India is an integrated cold chain solution provider offering cold chain infrastructure primarily to food & agro, government projects, pharmaceutical and telecom sectors. The cold chain infrastructure mainly comprises of cold rooms, cold warehouses, industrial refrigeration, dry warehouses, ripening chambers, among others. The company is present in two segments namely prefabricated sandwich panels (used in construction) and refrigeration & allied equipments contributing to ~44% and 34% of the total revenues as on February 29, 2016.

Mr. P. V. Balasubramanian, the Managing Director & promoter and promoter group, together hold 44.84% of shares of RIL with the MD holding 7.65% stake in the company. The remaining stake is held by private equity investors Avigo Venture Investments Limited (42.79%) and Metmin Investments Holdings Limited (16.38%) as on February 29, 2016.

Recent Results

As per un-audited results, the Company's profit after tax (PAT) stood at Rs. 6.02 crore on an operating income of Rs. 148.57 crore for the eleven months ending February 29, 2016. The company reported a profit after tax of Rs. 1.49 crore on an operating income of Rs. 137.67 crore during FY2015.

May 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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