

January 05, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	0.95	SMERA B/Stable (Assigned)
Term Loan	6.91	SMERA B/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)

SMERA has assigned long term ratings of **'SMERA B' (read as SMERA B)** and short term rating of **'SMERA A4' (read as SMERA A four)** to the Rs.8.36 crore bank facilities of Gnanabella Logistics (GL). The outlook is **'Stable'**. The ratings are constrained by the limited track record, small scale of operations and customer concentration risk. The ratings are further constrained by high gearing, debt funded capex and low net worth. However, the ratings are supported by the entrepreneurial experience of the management, moderate interest coverage and net cash accruals.

Rating Sensitivity Factors

- Scalability of operations and sustainability of profit margin
- Improved capital structure
- Effective working capital management

Outlook: Stable

SMERA believes that the firm will maintain a stable business profile in the medium term. The outlook may be revised to 'Positive' if the firm registers strong growth in revenue and profit margins and maintains comfortable financial risk profile. The outlook may be revised to 'Negative' in case of steep decline in the firm's revenue and profit margins, or deterioration in the capital structure.

About the Firm

GL established in 2012, is a Trichy-based partnership firm that provides transportation services in Tamil Nadu, Kerala and Andhra Pradesh. The firm is promoted by Mr. Gnanaraj Ranson Thomas Arokiaraj, Mrs. Vincent Joy Josephine and Mrs. James Isabella.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Gnanabella Logistics (GL)

Rating Rationale

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