

Gurudev Cold Storage: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Term Loan	4.20	SMERA B/ Stable (Assigned)
Marketing Loan	2.55	SMERA B/ Stable (Assigned)
Operational Loan	0.25	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (read as SMERA B) to the above mentioned bank facilities of Gurudev Cold Storage (GCS). The outlook is 'Stable'.

The rating is constrained by the project execution risk since commercial operations are expected to begin from January 2017. The firm is also exposed to offtake risk. However, the rating draws support from the extensive experience of the promoters in agriculture and strategic location of the godown.

GCS, a partnership firm established in 2016, plans to set up a unit to provide cold storage services to local farmers. The total cost of the project is Rs.6.62 crore to be funded through term loan of Rs.4.20 crore and balance through promoters' capital. The rating notes the project specific risks since operations are expected to commence from January 2017. Any delay in starting operations would impinge upon the firm's ability to repay debt on time.

However, the rating draws comfort from the extensive experience of the promoters in the agriculture industry. The rating also notes the strategic location of the godown at Banaskantha, Gujarat which will help it cater to a round 80 villages nearby that cultivate potatoes.

Rating Sensitivity Factors

- Timely completion of the project
- Achievement of revenues as projected

Outlook-Stable

SMERA believes that GCS will maintain a stable outlook in the medium term and benefit from the experienced management. The outlook may be revised to 'Positive' if the firm achieves the projected scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capex or working capital requirements.

About the Firm

GCS was established in May 2016 as a partnership firm by Mr. Moghjibhai Gol and Mr. Hitendrakumar Gol. The firm plans to provide cold storage facilities to local farmers for storage of potatoes, potato seeds and other agri products. The expected storage capacity is 7200MT. The operations are expected to start from January 2017.

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ABOUT SMERA

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