

Shraddha Cold Storage: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Term Loan	4.60	SMERA B/ Stable (Assigned)
Marketing Loan	2.95	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 Shraddha Cold Storage (SCS). The outlook is '**Stable**'. The rating is constrained by project execution risk (commercial operations are expected to begin from February 2017) and offtake risk. However, the rating draws support from the extensive experience of the promoters in agriculture and strategic location of the godown.

SCS is a partnership firm established in 2016. The firm plans to provide cold storage services to local farmers to store agri products. The total cost of the project is Rs.6.79 crore to be funded through term loan of Rs.4.60 crore and the balance through promoters' capital. The rating notes the project specific risks since the operations of the firm are expected to commence from February 2017. Any delay 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 further draws comfort from the strategic location of the godown at Banaskantha, Gujarat which is in close proximity to the 80 villages nearby that cultivate potatoes.

Rating Sensitivity Factors

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

Outlook-Stable

SMERA believes that SCS will maintain a stable outlook in the medium term and benefit from its 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

SCS was established in May 2016 as a partnership firm by Mr. Dosjibhai Patel, Mrs. Varshaben Dhulia among others at Gujarat. The firm plans to provide cold storage services to local farmers for storage of agri products. The storage capacity is 8250mt. The operations are expected to start from February 2017.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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