



Press Release
VDM WAREHOUSE AND LOGISTICS
August 03, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.00	ACUITE B Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	16.00	-	-

Rating Rationale

ACUITE has assigned its long term rating of **ACUITE B (read as ACUITE B)** on the Rs.16.00 Crore bank facilities of VDM Warehouse and Logistics. The outlook is '**Stable**'.

Rationale for rating

The rating assigned reflects the experience of management along with locational advantage. Acuite expects the support from partners to continue in near future to medium term. However, the rating remains constrained on the back of nascent stage of project to establish 9 warehouses for the storage of Industrial and agriculture commodities. Further, project is also exposed to funding and execution risk.

About the Company

VDM Warehouse and Logistics is a Kutch based partnership firm established by Mr. Bhaveshbhai Babubhai Makwana and Mrs. Priyanka Bhavesh Makwana in June 2022. The firm proposes to establish dry storage facility (warehouse) for the industrial as well as agriculture commodities at Gandhidham, Gujarat.

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of VDM Warehouse and Logistics to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and locational advantage

VDM Warehouse and Logistics is a Kutch based partnership firm established by Mr. Bhaveshbhai Babubhai Makwana and Mrs. Priyanka Bhavesh Makwana in June 2022. The firm will be managed by the partners of the firm who has experience in the different industry in the same region which would benefit the ongoing project execution. Their experience would help the company to flourish. Further, the firm will also enjoy the locational advantage as proposed warehouses project is located at Bharapur, Gandhidham which is nearby three ports which are: Tuna Port, Kandla Port and Mundra Port. It will give firm a strength to access clients comfortably.

Weaknesses

Nascent stage of project

The firm incorporated on 27th June 2022, and the proposed project is in its nascent stage. As firm proposed to construct nine warehouses with a total area of 216394.61 sq ft. Currently, out

of nine warehouses, only three warehouses has been constructed, rest are yet to be done and the firm is expected to complete construction by February 2024 and commercial date of

operation will be 01-04-2024. Acuite believes that the timely completion of project without any time and cost overrun is a key rating sensitivity.

Execution and funding risk

The total cost of the project is Rs.24.30 Crore out of which Rs.16 Crore will be funded through bank and remaining through infusion by the partners. The financial tie-up is still pending. Hence, the firm is highly exposed to funding risk.

Rating Sensitivities

- Timely completion of the project without any cost and time overrun.

Material covenants

None.

Liquidity Position

Stretched

The liquidity position of the firm is stretched as the debt tie-up for the project is still pending. And any delay in the same can result in cost and time overrun.

Outlook: Stable

Acuite believes that firm will maintain a 'Stable' outlook and will continue to derive benefit over the medium term due to experience of promoters and locational advantage. The outlook may be revised to 'Positive', if the firm is able to timely commence its operation without any cost and time overrun. Conversely, the outlook may be revised to 'Negative' if there are delay in debt tie-up resulting in time and cost overruns delaying the commencement of operations.

About the Rated Entity - Key Financials

Financials of the company are not available as operations of the company are yet to begin.

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>
- 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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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 Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	16.00	ACUITE B Stable Assigned

Contacts

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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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