FEBRUARY 25, 2016

CARE ASSIGN ‘CARE BB-’ AND ‘CARE A4’ RATING TO THE BANK FACILITIES OF
NISHAPATI COLD STORAGE PVT. LTD.

Rating

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Rating(^1)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>9.55</td>
<td>CARE BB- (Double B Minus)</td>
<td>Assigned</td>
</tr>
<tr>
<td>Short-term Bank Facilities</td>
<td>0.16</td>
<td>CARE A4 (A Four)</td>
<td>Assigned</td>
</tr>
<tr>
<td>Total</td>
<td>9.71</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Rupees Nine crore and Seventy One lakh only)

Rating Rationale

The ratings assigned to the bank facilities of Nishapati Cold Storage Pvt. Ltd. (NCSPL) are constrained by its small size of operations, regulated nature of business, seasonality of business with susceptibility to vagaries of nature, risk of delinquency in loans extended to farmers and competitive scenario. The aforesaid constraints are partially offset by the long track record of operations and experienced management and proximity to potato growing areas.

The ability of the company to grow its scale of operations, improve its profitability margins and manage its working capital management efficiently would be the key rating sensitivities. **Background**

NCSPL was incorporated in 1977 as a partnership firm by the Ghosh family of Hooghly, West Bengal, to set up a cold storage facility. Later on, in January 28, 1988, it was converted to private limited company. NCSPL is engaged in the business of providing cold storage facility for potatoes to local potato farmers and traders on a rental basis. It has two storage units, namely Nishapati Cold Storage (having a storage capacity of 90,000 Kgs of potatoes) and Chandimata Himghar (having a storage capacity of 271,652 Kgs of potatoes) in Hooghly district of West Bengal. Besides providing cold storage facility, the company also works as a mediator between the farmers and marketers of potato by taking advances from marketers on behalf of the farmers in order to facilitate the sale of potato stored, and it also provides interest bearing advances to farmers for farming of potato against the potato stored. This apart it provides additional services to farmers such as insurance of potatoes stored & drying of potatoes.

The company has recently extended its chamber in its Chandimata Himghar unit for increasing its storage capacity by 126,252 Kgs per annum with an aggregate capacity of 271,652 Kgs per annum. The project is already completed and the unit is expected to be operational from March 2016.

\(^1\)Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.
During FY15 (refers to the period April 1 to March 31), NCSPL reported a total operating income of Rs.324.90 lakh (as against Rs.289.33 lakh in FY14) and a profit of Rs.29.64 lakh (as against Rs.22.20 lakh in FY14). The management has maintained to have achieved turnover of Rs.345.25 lakh in last nine months from April 30, 2015 to December 31, 2015.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.
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