



SMERA RATINGS LIMITED

Dabwali Agro Storage (DAS)

*Rating
Rationale*

July 13, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	25.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (read as **SMERA triple B**) to the Rs.25.00 crore long-term bank facility of Dabwali Agro Storage (DAS). The outlook is '**Stable**'. The rating is supported by the firm's healthy revenue visibility and experienced management. However, the rating is constrained by the firm's dependence on rent receivables for debt servicing and small-scale of operations.

DAS, established in 2012, is a Haryana-based partnership firm that provides warehousing services. The firm has a warehouse in Dabwali district Sirsa, Haryana that has been rented for ten years out to HAFED (Haryana State Co-operative Supply and Marketing Federation Limited).

DAS has entered into a tripartite agreement with HAFED and Canara Bank (Paniwala Mota, Sirsa Branch), that provides long term revenue visibility. As per the agreement, the firm is eligible to receive rental income of ~Rs.5.53 crore per annum for 10 years from FY2012-13 to FY2022-23. DAS benefits from its experienced management.

DAS has comfortable debt protection metrics marked by debt service coverage ratio (DSCR) of 2.19 times and interest coverage ratio of 2.19 times in FY2014-15 (refers to financial year, April 01 to March 31).

DAS's ability to service debt in timely manner is highly dependent on the rent from HAFED as it is the only source of income for the firm. The firm has small-scale operations marked by operating income of Rs.5.53 crore in FY2014-15.

Outlook: Stable

SMERA believes DAS will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the firm registers sustained improvement in profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure.

About the Firm

DAS, established in 2012, is a Haryana-based partnership firm that provides warehousing services to HAFED. The firm is promoted by Mrs. Sabina Arora, Mrs. Krishna Devi, Mrs. Mukta among others.

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The warehouse is located at Dabwali, district Sirsa, Haryana. The storage capacity of the warehouse is 1.10 lakh metric ton.

For FY2014-15, DAS reported net profit of Rs.3.10 crore on total income of Rs.5.53 crore, as compared with net loss of Rs.0.58 crore on total income of Rs.2.00 crore in FY2013-14. DAS's net worth stood at Rs.11.59 crore as on March 31, 2015, as compared with Rs.9.99 crore a year earlier.

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