

## Press Release

12 October, 2017



**Madhuban Agri Storage Private Limited (MASPL)**

**Rating Assigned**

<b>Total Bank Facilities Rated</b>	Rs. 20.00 Cr#
<b>Long Term Rating</b>	SMERA B-/Stable (Assigned)
<b>Short Term Rating</b>	SMERA A4 (Assigned)

# Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (read as '**SMERA B minus**') and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 20.00 crore bank facilities of Madhuban Agri Storage Private Limited (MASPL).

Madhuban Agri Storage Private Limited (MASPL) incorporated in 2012 is an Ahmedabad-based company promoted by Mr. Dharmendrasingh K. Rathod, Mr. Dasharathbhai N Chaudhary and others. The company provides cold storage facilities for vegetables and fruits at Mehsana, Gujarat. It currently caters to Hyfun Foods Private Limited (HFPL) offering cold storage services on rental basis for a period of five years. The installed capacity stands at 5,000 metric tonnes. The commercial operations commenced from April, 2016.

### Key rating drivers

#### Strengths:

**Experienced management:** The company was promoted by Mr. Dharmendrasingh K. Rathod, Mr. Dasharathbhai N Chaudhary and others who collectively possess more than two decades of experience in the cold storage industry.

#### Weaknesses

**Limited track record of operations:** While the company was incorporated in 2012, it commenced operations only from April, 2016 and hence has limited operational track record.

**Average financial risk profile, stretched liquidity:** The financial risk profile of the company is average marked by weak coverage indicators. The interest coverage ratio stood at 0.85 times and debt service coverage ratio at 0.85 times for FY2016-17 (Provisional). The gearing stood at 1.87 times as on 31 March, 2017 (Provisional). The total debt of Rs.19.63 crore as on 31 March, 2017 (Provisional) includes long term and short term borrowings of Rs. 17.04 crore and Rs. 0.50 crore respectively. Further, the liquidity position is stretched with cash credit limit being fully utilised during the last six months ended 31 August, 2017.

**Intense competition:** MASPL provides cold storage services which have an inherent dependence on weather and agricultural production. Further, the cold storage industry is marked by the presence of several mid to big sized players. Hence, the company is exposed to intense competition in the cold storage industry.

## Outlook: Stable

SMERA believes that MASPL will maintain a stable outlook over the medium term owing to its experienced promoters. The outlook may be revised to 'Positive' if MASPL achieves significant growth in revenue and profitability with improvement in the liquidity position and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or liquidity position on account of higher than expected working capital requirements.

## Analytical Approach

SMERA has considered the standalone business and financial risk profiles of MASPL.

## About the Rated Entity - Key Financials

For FY2017 (Provisional), MASPL reported net loss of Rs.0.24 crore on total operating income of Rs.3.09 crore. The tangible net worth stood at Rs. 10.50 crore as on 31 March, 2017 as against Rs. 9.42 crore in the previous year.

## Status of non-cooperation with previous CRA (if applicable)

Not Applicable

## Any other information

Not Applicable

## Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Service Entities - <https://www.smera.in/criteria-service.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

## Rating History (Upto last three years): NA

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A.	N.A.	N.A.	0.50	SMERA B-/Stable
Term Loan I	N.A.	N.A.	March, 2025	13.45	SMERA B-/Stable
Term Loan II	N.A.	N.A.	March, 2013	1.18	SMERA B-/Stable
Proposed Facility	N.A.	N.A.	N.A.	4.55	SMERA B-/Stable
Bank Guarantee	N.A.	N.A.	N.A.	0.32	SMERA A4

**Contacts:**

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, Tel: 022-67141190 Email: <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Deep Majumder Rating Analyst - Rating Operations Tel: 022-67141147 Email: <a href="mailto:deep.majumder@smera.in">deep.majumder@smera.in</a>	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

**ABOUT SMERA**

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