



SMERA RATINGS LIMITED

George Maijo Industries Private Limited (GMIPL)

*Rating
Rationale*

December 24, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA C (Assigned)
Letter of Credit	20.00	SMERA A4 (Assigned)
Bank Guarantee	0.25	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA C**' (read as **SMERA C**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.28.25 crore bank facilities of George Maijo Industries Private Limited (GMIPL). The ratings are constrained by the company's weak liquidity position. The aforementioned weakness is partially offset by the company's moderate gearing (debt-to-net worth ratio) and experienced management.

GMIPL, established in 1962, is a Chennai-based company engaged in distribution of outboard motors, water vehicles, motorcycles and spare parts manufactured by Yamaha. GMIPL has a weak liquidity position on account of high inventory levels and delays in collection of dues from customers. The company's cash credit limit was frequently overdrawn (by 15–29 days) during May 2014 to September 2014; moreover, there are instances of devolvement of letter of credit during the period under study.

GMIPL's leverage is moderate at 1.45 times as on March 31, 2014. The company benefits from its experienced management. Mr. Maijo Joseph, managing director of GMIPL, has around three decades of experience in the company's line of business.

About the company

GMIPL is a Chennai-based company owned by Mr. Maijo Joseph, Mrs. Rita Joseph and Mrs. Sasi Maijo. GMIPL was established as a partnership firm in 1962 and converted into a private limited company in 2006.

GMIPL is an authorized distributor of outboard motors, water vehicles, motorcycles and spare parts manufactured by Yamaha. The company also has distribution rights for Mustad Fishing Hooks manufactured by O Mustad & Son Pte Ltd. GMIPL has 14 branches, 43 dealers and 120 authorised service centres across India.

For FY2013–14 (refers to financial year, April 01 to March 31), GMIPL reported profit after tax (PAT) of Rs.1.13 crore on operating income of Rs.88.02 crore, as compared with PAT of Rs.0.86 crore on operating income of Rs.70.26 crore in FY2012–13. GMIPL's net worth stood at Rs.7.23 crore as on March 31, 2014, as compared with Rs.6.11 crore a year earlier.

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