

Press Release

Midco Limited

September 05, 2018



Rating Update

Total Bank Facilities Rated*	Rs.200.00 Cr.
Long Term Rating	ACUITE BBB+ (Under rating watch with developing implications)
Short Term Rating	ACUITE A2 (Under rating watch with developing implications)

* Refer Annexure for details

Rating Rationale

Acuité has placed the long rating of '**ACUITE BBB+** (read as ACUITE triple B plus) and the short term rating of '**ACUITE A2**' (read as ACUITE A two) on Rs.200.00 Crore bank facilities of Midco Limited (MIDCO) on '**Rating watch with developing implications**'.

Acuité has placed the MIDCO's rating on watch following company's decision to sell its business to Gilbarco Veeder-Root India Private Limited. However, sufficient clarity on the transaction is yet to emerge. Acuité currently is in discussion with the management to understand the implication of the transaction on MIDCO business and financial risk profile and consequent changes expected in the business model.

Mumbai-based MIDCO Limited incorporated in 1949 undertakes manufacturing and servicing of fuel dispensing units. The company also executes turnkey projects for installation and commissioning of auto gas pumps at its production facility at Vatva, Ahmedabad. The installed capacity stands at 50,000 nozzle pumps per annum.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the MIDCO to arrive at this rating.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	211.34	199.93	191.45
EBITDA	Rs. Cr.	24.58	25.26	28.55
PAT	Rs. Cr.	0.04	8.11	(13.89)
EBITDA Margin	(%)	11.63	12.63	14.91
PAT Margin	(%)	0.02	4.06	(7.26)
ROCE	(%)	19.82	20.61	(17.42)
Total Debt/Tangible Net Worth	Times	(5.29)	(4.81)	(3.56)
PBDIT/Interest	Times	1.41	1.37	11.11
Total Debt/PBDIT	Times	6.23	6.36	5.65
Gross Current Assets (Days)	Days	244	367	275

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-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
18-Jul-17	Cash Credit	Long Term	24.00	ACUITE BBB+/Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	161.00	ACUITE A2 (Reaffirmed)
05-Oct-16	Cash Credit	Long Term	24.00	ACUITE BBB+/Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	151.00	ACUITE A2 (Reaffirmed)
08-Aug-16	Cash Credit	Long Term	5.00	ACUITE BBB+/Stable (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE BBB+/Stable (Assigned)
	Cash Credit	Long Term	9.00	ACUITE BBB+/Stable (Withdrawn)
	Letter of Credit	Short Term	15.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	148.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	3.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	3.00	ACUITE A2 (Withdrawn)

***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	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE BBB+ (Under rating watch with developing implications)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A2 (Under rating watch with developing implications)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	161.00	ACUITE A2 (Under rating watch with developing implications)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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