

Press Release

Maira Fabricators Private Limited

April 04, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs.10.00 Cr.
Long Term Rating	SMERA D (Reaffirmed)

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA D**' (read as **SMERA D**) and the short term rating of '**SMERA D**' (read as **SMERA D**) on the Rs.10.00 crore bank facilities of MAIRA FABRICATORS PRIVATE LIMITED (MFPL).

MFPL, incorporated in February 2015, is a Kolkata-based company promoted by Mrs. Krishna Devi Sharma and Mr. Vishnu Kumar Goswami. The company runs a zinc galvanising unit at Howrah for galvanising of iron and steel products. The installed capacity stands at 18000 metric tonnes per annum.

Key rating drivers

Strengths

Experienced management

Mrs. Krishna Devi Sharma and Mr. Vishnu Kumar Goswami have more than five years of experience in the steel industry. The top management is supported by Mr. Subhash Kumar Sharma who has ~16 years of experience in the industry.

Growth in revenue

Revenue of the company increased from Rs.23.86 crore in FY2016 to Rs.58.29 crore in FY2017 on account of increase in client base and orders from existing clients. Further, during the 12 months ended FY2018, the company generated revenue of Rs.21.95 crore (Provisional).

Weaknesses

Delays in servicing debt obligations

The rating reflects delays in servicing of debt obligations. There are ongoing delays of around 60 days in the interest and principal repayments of the term loan. Further, the cash credit facilities are highly stretched with 100 percent utilisation. The company is classified as SMA 1.

Working capital intensive operations

The operations have been working capital intensive marked by Gross Current Assets (GCA) of 204 days in FY2017. The same was mainly on account of high debtor days which stood at 144. There were delays in payments by customers in FY2017. Further, the cash credit limits were fully utilised as on 28 February, 2018.

Weak financial risk profile

The financial risk profile of the company is marked by net worth of Rs.0.54 crore as on 31 March, 2017 as against Rs.0.49 crore as on 31 March, 2016. The gearing stood high at 19.91 times as on 31 March, 2017 as against 23.42 times on 31 March, 2016. However, the gearing is expected to improve in FY2018 on account of equity infusion of Rs.3.00 crore. The total debt of Rs.10.84 crore as on 31 March, 2017 includes long term debt of Rs.3.10 crore and short term debt of Rs.7.75 crore. The Interest Coverage Ratio stood at 1.58 times in FY2017 as against 1.76 times in FY2016. The Debt Service Coverage ratio stood at 1.14 times in FY2017 as against 1.72 times in FY2016. The Total Outside Liabilities to Total Net Worth (TOL/TNW) stood at 73.71 times as on 31 March, 2017 as against 52.76 times as on 31 March, 2016.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of MFPL to arrive at the rating.

About the rated entity Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	58.29	23.86	0.00
EBITDA	Rs. Cr.	2.52	1.45	-0.02
PAT	Rs. Cr.	0.05	0.01	-0.03
EBITDA Margin	(%)	4.32	6.07	0.00
PAT Margin	(%)	0.09	0.04	0.00
ROCE	(%)	14.26	13.79	-9.65
Total Debt/Tangible Net Worth	Times	19.91	23.42	0.00
PBDIT/Interest	Times	1.58	1.76	-10.26
Total Debt/PBDIT	Times	4.31	7.99	0.00
Gross Current Assets (Days)	Days	204	274	0.00

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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>

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

Not Applicable

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
23 Dec, 2016	Cash Credit	Long term	6.45	SMERA D (Downgraded)
	Term Loan	Long term	3.50	SMERA D (Downgraded)
	Proposed Bank facility	Long term	0.05	SMERA D (Downgraded)
10 Sep, 2015	Cash Credit	Long term	6.45	SMERA B/Stable (Assigned)
	Term Loan	Long term	3.50	SMERA B/Stable (Assigned)
	Proposed Bank facility	Long term	0.05	SMERA B/Stable (Assigned)

*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	6.45	SMERA D (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA D (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.05	SMERA D (Reaffirmed)

Contacts:

Analytical	Rating Desk
<p>Suman Chowdhury President-SMERA Bond Ratings Tel: +91-22-6714 1107 Email: suman.chowdhury@smera.in</p> <p>Naveen Papisetty Rating Analyst Tel: +91-22-6714 1128 Email: naveen.papisetty@smera.in</p>	<p>Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in</p>

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.