

October 05, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B+/Stable (Assigned)
Term Loan I	1.75	SMERA B+/Stable (Assigned)
Term Loan II	3.76	SMERA B+/Stable (Assigned)
Bank Guarantee	0.85	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.8.51 crore long term bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.0.85 crore short term bank facility of M I Alloys Private Limited (MIAPL). The outlook is '**Stable**'. The ratings are constrained by the company's limited operational track record, average financial risk profile marked by moderately high gearing and coverage indicators. The ratings are also constrained by risks associated with debt funded capital expansion. However, the ratings draw support from the experienced management.

Rating Sensitivity Factors

- Improvement in scale of operations, profitability and capital structure
- Stabilisation in rolling mill operations
- Generation of adequate net cash accruals

Outlook: Stable

SMERA believes that MIAPL will continue to benefit over the medium term from the experienced management. The outlook may be revised to 'Positive' if the company reports significant improvement in revenue and operating profitability leading to considerably large cash accruals, while improving its capital structure. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profitability leading to lower than expected cash accruals or deterioration in company's capital structure due to additional debt funded capex or working capital borrowings.

About the Company

MIAPL, a Gujarat-based company incorporated in 2011 by Mr. Champalal Purohit and Mr. Ashok Kumar Singh is engaged in the manufacture of stainless steel round bars and flats. The company commenced commercial operations in May 2013 and plans to set up a rolling mill, which is expected to begin operations in October 2015.

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.



SMERA RATINGS LIMITED

M I Alloys Private Limited (MIAPL)

*Rating
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