

November 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	20.00	SMERA BBB/Stable (Assigned)
Bank Guarantee/Inland Letter of Credit	2.50	SMERA A3+ (Assigned)

SMERA has assigned ratings of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.20.00 crore long-term (fund based) bank facility and '**SMERA A3+**' (read as **SMERA A three plus**) to the Rs.2.50 crore short-term (non-fund based) bank facility of Metal Coatings (India) Limited (MCIL). The outlook is '**Stable**'.

The ratings are supported by the company's experienced management and comfortable liquidity position. The ratings further draw comfort by company's moderate financial risk profile backed by healthy gearing and comfortable coverage indicators. However, the ratings are constrained by the company's modest scale of operations and exposure to the inherent cyclical nature in the steel sector.

Outlook: Stable

SMERA believes that MCIL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues and profits while maintaining debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or stretch in the company's working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Working capital management

About the Company

MCIL, incorporated in 1994, is a Delhi-based company engaged in the manufacture of cold rolled steel strips/coils and HRPO steel strips/coils among others. The company has two manufacturing units in Faridabad (Haryana), with total installed capacity of 24000 MT per annum. The current operations of the company are managed by Mr. R C Khandelwal and Mr. Pramod Khandelwal.

For FY2014-15, MCIL reported profit after tax (PAT) of Rs.1.41 crore on operating income of Rs.114.27 crore, as compared with PAT of Rs.1.82 crore on operating income of Rs.109.33 crore in FY2013-14. The company's net worth stood at Rs.21.69 crore as on March 31, 2015, as compared with Rs.21.16 crore a year earlier. MCIL registered revenue of Rs.45.54 crore (provisional) during April-September 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.



Metal Coatings (India) Limited (MCIL)

*Rating
Rationale*

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