

### Murti Udyog Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	6.00	SMERA BB-/Stable (Assigned)
Letter of Credit*	2.00	SMERA A4+ (Assigned)
Proposed Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Proposed Non Fund Based*	1.00	SMERA A4+ (Assigned)

*\*fully interchangeable with bank guarantee*

SMERA has assigned long term rating of '**SMERA BB- (read as SMERA double B minus)**' on the Rs.8.00 crore fund based bank facility and short term rating of '**SMERA A4+ (read as SMERA A four Plus)**' on the Rs. 3.00 crore non-fund based bank facility of Murti Udyog Limited (MUL). The outlook is '**Stable**'.

The rating derives comfort from the experienced management and reputed clientele. The ratings are further supported by the moderate financial risk profile and working capital intensive operations. However, the rating strengths are partially offset by the weak profitability profile and competitive nature of the cable and wire industry.

MUL, incorporated in 2008, is a New Delhi-based company engaged in the manufacturing of Aluminium rod, wires and conductors. Mr. Naveen Goyal and Mr. Praveen Goyal, Directors, have more than a decade of experience in the company's line of business. The company also benefits from its healthy relationships with customers and suppliers. MUL has moderate financial risk profile evident from its leverage (debt-equity ratio) of 1.38 times in FY2015-16 against 1.47 times in FY2014-15 (refer to financial year, from April 1st to March 31st) and interest coverage ratio of 1.52 times in FY2015-16 against 1.50 times during the previous year. The company's total debt of Rs.7.81 crore as on March 31, 2016 includes non-interest bearing unsecured loans worth Rs.1.00 crore from promoters, friends and relatives which is subordinated to bank debt. SMERA has considered such unsecured loans as quasi-equity.

The company's operations are moderately working capital intensive evident from its gross current asset (GCA) of 72 days in FY2015-16. This has improved from 143 days in FY2014-15. The moderate GCA days emanates from collection and inventory holding period of 47 days and 18 days, respectively in FY2015-16 against 104 days and 30 days respectively in FY2014-15.

However, the company's profitability profile continues to remain weak evident from the operating margins of 3.17 per cent in FY2015-16, moderated from 3.74 per cent in FY2014-15 on account of increase in fixed overheads. The company is exposed to competition from other players operating in the cable and wire industry.

#### Outlook: Stable

SMERA believes MUL will maintain a 'Stable' outlook over the medium term owing to its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' if the company registers strong growth in scale of operations while registering sustained improvement in profit margins and achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or lengthening of working capital cycle.

### Rating Sensitivity Factors

- Sustainable improvement in operating income and profitability profile
- Efficient working capital management

### Criteria applied to arrive at the ratings:

- Manufacturing Entities

### About the Company

MUL, incorporated in 2008, is a New Delhi-based company engaged in the manufacture of aluminium rods, wires and conductors. Mr. Praveen Goyal, Managing Director, has around 11 years of experience in the company's line of business. The company has an installed production capacity of 7,000 tons per annum.

For FY2015-16, MUL reported profit after tax (PAT) of Rs.0.44 crore on operating income of Rs.65.03 crore as compared with PAT of Rs.0.31 crore on operating income of Rs.38.17 crore for FY2014-15. The company's net worth stands at Rs.4.94 crore as on March 31, 2016 as compared with Rs.4.50 crore a year earlier. The total networth of Rs.4.94 crore in FY2015-16 includes quasi equity of Rs.1.00 crore.

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### ABOUT SMERA

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