

Press Release

Micon Valves India Private Limited

February 14, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 7.90 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D' (read as SMERA D)** and short term rating of '**SMERA D' (read as SMERA D)** on the Rs. 7.90 crore bank facilities of Micon Valves India Private Limited.

MVIPL incorporated in 1998, was promoted by Mr. Mohd. Ilyas Yusuf Sheikh. The company is engaged in the manufacture of industrial valves at Navi Mumbai, Maharashtra. The products mainly find application in power, petrochemical and fertiliser industries. The company caters to reputed customers including Bharat Heavy Electricals Limited (BHEL) and Hindustan Petroleum Corporation Limited (HPCL) etc.

Key Rating Drivers

Strengths:

Experienced management: The promoter Mr. Mohd. Ilyas Yusuf Sheikh possesses experience of around two decades in the aforementioned business and has developed healthy relations with customers.

Weaknesses:

Delays in servicing of Debt:: There are delays in servicing of debt availed by the company owing to a stretched liquidity position.

Below average financial risk profile:: MVIPL has below average financial risk profile marked by high gearing of 3.12 times as on 31 March 2016 as compared to 2.68 times as on 31 March 2015. The ICR stood at 1.29 times in FY2016 as compared to 1.42 times in FY2015. The company registered net losses of 4.02 percent in FY2016 as against 0.69 percent in FY2015

Working capital intensive operations:: The operations are working capital intensive evident from the high Gross current assets (GCA) of 401 days as on 31 March, 2016 because of high inventory days of 111 days as on March 31, 2016. Further, the liquidity profile of the company is stretched with full utilisation of working capital limits.

Analytical Approach: SMERA has considered the standalone financial and business risk profiles of the company.

Outlook:

Not Applicable

About the Rated Entity - Key Financials

For FY2015-16, MVIPL reported net loss of Rs.0.20 crore on operating income of Rs.5.06 crore as against net loss of Rs.0.03 crore on operating income of Rs.4.34 crore in FY2014-15. The net worth stood at Rs.2.33 crore as on 31 March 2016 as against Rs.2.53 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable): ICRA, vide release dated July, 2016 has suspended its ratings on account of lack of adequate information required for monitoring of ratings.

Any other information: None

Applicable Criteria:

- Application of Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument:

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

Rating History (Upto last three years): Not Applicable

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Jun 30 2016	0.53	SMERA D
Term loans	Not Applicable	Not Applicable	Sep 30 2021	3.66	SMERA D
Cash credit	Not Applicable	Not Applicable	Not Applicable	2.49	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.43	SMERA D
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.43	SMERA D
Proposed	Not Applicable	Not Applicable	Not Applicable	0.36	SMERA D

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ABOUT SMERA

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