

## Press Release

09 March, 2017

### Marvels

#### Rating Assigned

<b>Total Bank Facilities Rated *</b>	Rs.5.25 Cr. #
<b>Long Term Rating</b>	SMERA B+/ Outlook: Stable
<b>Short Term</b>	SMERA A4

# Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (read as SMERA B plus ) and short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs. 5.25 crore bank facilities of Marvels. The outlook is '**Stable**'.

The Karnataka-based, Marvels was established in the year 2007 by Mr. Kushalraj Gulecha (Partners), Mr. Vikram Kumar (Partners), Mr. Rajesh Kumar (Partners), and Mr. Prateek K Gulecha (Partners) have an experienced of a decade in the firm's line of business.while Gunite Technomix, a sister concern established in 2012 is engaged in the manufacture of Ready Mix Concrete (RMC). The day-to-day operations of both the firms are led by the abovementioned partners.

#### Key Rating Drivers

##### Strengths

- **Experienced promoters**

Marvels was established in 2007. The partners possess extensive experience in the firm's line of business.

- **Moderate financial risk profile**

The moderate financial risk profile is marked by interest coverage ratio of 1.23 times as on March 31, 2016 against 1.45 percent in FY2014-15. Moreover, the operating margin stood at 1.92 per cent in FY2015-16 against 1.66 per cent in FY2014-15. The firm registered moderate operating income of Rs.84.32 cr in FY2015-16 as compared to Rs.92.75 cr in FY2014-15. The firm achieved operating income of ~Rs.49.00 cr till December 2016.

##### Weaknesses

- **Competitive and fragmented nature of industry**

The steel and cement industries are highly competitive with multiple players resulting in intense competition from both the organised as well as unorganised players. As a result the profitability has been low at around 0.43 per cent in FY2016 as compared to 0.45 per cent during the previous year.

- **Fluctuation in prices**

The firm is engaged in the wholesale trading of steel and cement used largely in real estate and the infrastructure industry. Hence, the performance of the firm is directly proportionate to the performance of the said industries. The firm is also exposed to fluctuations in the prices of steel and cement.

#### **Analytical Approach**

SMERA has considered the standalone business and financial risk profiles of the firm.

#### **Outlook: Stable**

SMERA believes that the outlook will remain Stable over the medium term owing to the experienced promoters. The outlook may be revised to 'Positive' if the firm achieves more than expected revenue while improving its profit margins and capital structure. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and profitability or deterioration in the capital structure.

#### **About the Rated Entity - Key Financials**

In FY2015-16 the firm achieved operating income of Rs.70.02 cr with Profit After Tax (PAT) of 0.14 cr as compared to operating income of Rs. 68.24 cr with PAT of 0.12 cr a year earlier. The networth stood at Rs.6.24 cr in FY2015-16 as compared to Rs.6.20 cr a year earlier. The networth of Rs.6.24 cr in FY2015-16 includes quasi equity of Rs. 3.22 cr.

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

None

#### **Any other information**

None

#### **Applicable Criteria**

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

#### **Note on complexity levels of the rated instrument**

<https://www.smerra.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.25	SMERA B+ / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B+ / Stable
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4

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**ABOUT SMERA**

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