

## Press Release

MUKESH & CO

July 10, 2020



### Rating Withdrawn

<b>Total Bank Facilities Rated*</b>	Rs. 16.00 crore
<b>Long Term Rating</b>	ACUITE BBB (Withdrawn)
<b>Short Term Rating</b>	ACUITE A3+ (Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) and short-term rating of '**ACUITE A3+**' (**read as ACUITE A three plus**) on the bank facilities of Rs. 16.00 crores for Mukesh & Co (M&C). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating.

Mukesh & Co, a proprietorship firm, cease to exist and has changed its name and constitution to Mahalakshmi Iron and Steel Private Limited, a private limited company. Therefore, Acuité is withdrawing the rating for Mukesh & Co on account of NOC received from the banker.

The Bangalore-based M&C is a proprietorship firm promoted by Mr. Mukesh Tibrewala in 1997. The firm trades in iron and steel products, primarily TMT bars. The company procured 80 per cent of its raw material from BMM Ispat Limited and rest from the other suppliers in Bangalore. Mukesh mainly caters to the builders and construction companies along with other suppliers in and around Karnataka.

### Analytical Approach

Acuité has considered standalone business and financial risk profile of M&C to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

Mukesh & Co was established in 1997 by Mr. Mukesh Tibrewala. The promoter has more than two decades of experience in the iron and steel industry. Over the years, the company has been able to establish healthy relationships with its key suppliers and customers.

#### Weaknesses

- **Presence in highly competitive and fragmented industry**

The steel products trading industry is a highly fragmented industry and there is large number of organized and unorganized players which has led to high competition in the industry. The company faces competition from few large players as well as numerous players in the unorganized segment. Also, on account of its trading nature of business, the entry barriers are low, leading to stiff competition for the company.

#### Liquidity Position: Adequate

The firm has adequate liquidity marked by net cash accruals of Rs.2.14 crore as against no repayment obligation. The working capital of the company is moderate marked by gross current asset days of 173 days Provisional in FY2020. Acuite believes that the liquidity of the company is likely to remain moderate over the medium term on account of moderate cash accrual against no major debt repayments over the medium term.

### Material Covenants

None

### Rating Sensitivities

Not Applicable

### About the Rated Entity - Key Financials

	Unit	FY20 (Prov)	FY19 (Actual)
Operating Income	Rs. Cr.	74.05	6.23
PAT	Rs. Cr.	2.14	0.10
PAT Margin	(%)	2.89	1.67
Total Debt/Tangible Net Worth	Times	2.18	-
PBDIT/Interest	Times	4.28	236.76

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Trading Entities - <https://www.acuite.in/view-rating-criteria-61.htm>
- Application of Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
02-Jul-2019	Cash Credit	Long Term	12.50	ACUITE BBB /Stable (Reaffirmed)
	Proposed Short Term Loan	Short Term	3.50	ACUITE A3+ (Reaffirmed)
12-Apr-2018	Cash Credit	Long Term	12.50	ACUITE BBB /Stable (Upgraded from ACUITE BBB-/Stable)
	Proposed Bank Guarantee	Short Term	3.50	ACUITE A3+ (Upgraded from ACUITE A3)
11-Apr-2017	Cash Credit	Long Term	5.00	ACUITE BBB-/Stable (Assigned)
	Proposed Cash Credit	Long Term	5.00	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	3.00	ACUITE A3 (Assigned)
	Proposed Bank Guarantee	Short Term	3.00	ACUITE A3 (Assigned)

**\*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	12.50	ACUITE BBB (Withdrawn)
Proposed Short Term Loan	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A3+ (Withdrawn)

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**About Acuité Ratings & Research:**

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