

Press Release

MGM Castings Private Limited

November 23, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	38.30	ACUITE B Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	38.30	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs.38.30 Cr. bank facilities of MGM Castings Private Limited (MCPL). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

About the Company

Incorporated in 2006, the company has been taken over by the current management – Directors, Mr. Sathynarayan VP and Mr. Purushotham LV Naidu in 2015. The company is based out of Bengaluru (Karnataka), and is in the business of development of commercial properties and leasing out.

Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of MCPL to arrive at the rating.

Key Rating Drivers

Strengths

>Experienced management

The promoters of the company Mr. Purushotham Lakshmaiah, and Mr. Sathya Narayan Purushottam have around two decades of experience in the real estate segment. Mr. Purushotham Lakshmaiah has promoted another partnership firm named M/S. Silverline Group and the entity has successfully developed several residential apartments and commercial spaces in and around Bangalore City.

>Favourable location of the property:

The property is electronic city, Bangalore which is a largest industrial technology hub of Bangalore

Weaknesses

>Susceptibility of operating performance to dynamics of commercial real estate segment

MGM has only one project which is located in Bangalore. As a result, any disruption in the business dynamics or the regulatory environment can adversely impact the business risk profile and operating performance of the company.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position

Adequate

The company generated Net Cash Accruals (NCA) of Rs.(0.75) Cr In FY2022. The company maintained cash and bank balances of Rs.0.01 crore as on March 31,2022. The current ratio of the company is marked moderate at 1.63 times as on 31 March, 2022 as against 0.25 times as on 31 March, 2021.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	0.13	0.66
PAT	Rs. Cr.	(1.47)	(0.06)
PAT Margin	(%)	(1152.49)	(9.38)
Total Debt/Tangible Net Worth	Times	1.81	1.12
PBDIT/Interest	Times	(120.75)	(75.10)

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jan 2022	Term Loan	Long Term	14.30	ACUITE B (Issuer not co-operating*)
	Proposed Term Loan	Long Term	24.00	ACUITE B (Issuer not co-operating*)
16 Oct 2020	Term Loan	Long Term	14.30	ACUITE B (Downgraded and Issuer not co-operating*)
	Proposed Term Loan	Long Term	24.00	ACUITE B (Downgraded and Issuer not co-operating*)
02 Aug 2019	Proposed Term Loan	Long Term	24.00	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	14.30	ACUITE B+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	24.00	ACUITE B Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Oct 31 2017 12:00AM	Simple	14.30	ACUITE B Reaffirmed & Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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