

Press Release

29 May, 2017

Maks Energy Solution India Private Limited

Rating Assigned (Suspension Revoked)

Total Bank Facilities Rated *	Rs. 14.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 14.00 crore bank facilities of Maks Energy Solution India Private Limited. The outlook is '**Stable**'.

Maks Energy Solution India Private Limited (MESPL), incorporated in 2010, is a Pune-based company engaged in the manufacturing and trading of generators. Promoted by Mr. Saurabh Shaw, the company is also into servicing and selling of spare parts.

Key Rating Drivers

Strengths

- **Experienced management**

MESPL, incorporated in 2010, is a Pune-based generator manufacturing and trading company promoted by Mr. Saurabh Shaw, who possesses more than a decades experience in the engineering products and services industry.

- **Improvement in operating profitability**

The operating margins improved from 2.53 per cent in FY2014-15 to 4.68 per cent in FY2015-16 on account of economies of scale as the revenue increased from 7.87 cr in FY2014-15 to Rs. 24.91 cr in FY2015-16.

Weaknesses

- **Moderate scale of operations**

The company has modest scale of operations evident from the revenue of Rs.24.91 cr for FY2015-16.

- **Average financial risk profile**

The financial risk profile is average marked by low net worth of Rs.1.41 cr as on March 31, 2016 as against 0.94 cr as on March 31, 2015. The gearing of the company stood high at 3.79 times as on March 31, 2016 compared to 2.95 times as on March 31, 2015. The moderate Interest coverage ratio stood at 2.18 times for FY2015-16 as compared to 3.34 times for FY2014-15.

- **Working capital intensive operations**

The operations are working capital intensive as reflected in the gross current asset days of 147 on account of high inventory days of 82 in FY2015-16.

Analytical Approach

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

Outlook: Stable

SMERA believes that MESPL will continue to maintain a stable outlook over the medium term owing to the promoters experience in the business of generators. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and achieves higher profitability increasing the net worth base. Conversely, the outlook may be revised to Negative if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to deteriorating profitability and debt protection metrics along with higher-thanexpected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

For FY2015-16, MESPL reported net profit after tax of Rs.0.48 cr on operating income of Rs.24.91 cr as on March 31, 2016, as compared with PAT of Rs.0.06 cr on operating income of Rs.7.87 cr in FY2014-15. The networth stood at Rs. 1.41 cr as on March 31, 2016 as compared to Rs. 0.94 cr as on March 31, 2015.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
09-Nov-2016	Cash Credit	Long Term	INR 4.5	SMERA B / Stable
	Proposed Cash Credit	Long Term	INR 1.5	SMERA B / Stable
	Bank Guarantee	Short Term	INR 3	SMERA A4
07-Oct-2015	Cash Credit	Long Term	INR 4.5	SMERA B / Stable
	Proposed Cash Credit	Long Term	INR 1.5	SMERA B / Stable
	Bank Guarantee	Short Term	INR 3	SMERA A4

***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	10.00	SMERA B / Stable
Bills Discounting	Not Applicable	Not Applicable	1-Jan-1953	4.00	SMERA B / Stable

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ABOUT SMERA

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