

Press Release

MAHESHWAR MULTITRADE PRIVATE LIMITED

November 22, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.87 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 plus)' on the Rs. 12.87 crore bank facilities of Maheshwar Multitrade Private Limited. The outlook is '**Stable**'.

Maheshwar Multitrade Private Limited (erstwhile Maheshwar oil mills), is a Maharashtra-based company established in 1982 by Mr. Shrikant Banchode. The firm was converted into private limited company in 2010. MMPL is engaged in the processing of edible oil - primarily groundnut, cotton seeds, sunflower oil, soybean oil and vegetable oil. The company also trades in shelled groundnuts, rice, sugar, raw cashew, Indian maize and pulses. The operating capacity stands at 200 tons per day of seed crushing unit and 30 metric tons per day of refinery of which the current utilisation is about 80 per cent. The company sells edible oil under the 'Ganesh' brand name.

Key Rating Drivers

Strengths

• Established track record of operations and Experienced management

MMPL (erstwhile MOM) was established in 1978. The firm was converted into private limited company in 2010. The Directors, Mr. Shivanand Banchode, Mr. Shrikant Banchode and others have more than four decades of experience in the edible oil industry.

• Moderate scale of operations and profitability

MMPL has registered consistent year-on-year revenue growth during the period under study. Revenue increased to Rs.63.51 crore in FY2017 from Rs. 61.84 crore in FY2016 and Rs. 15.15 crore in FY2015 as the company started processing of edible oil along with trading. Till 2015, the company was engaged only in trading of edible oil. The operating margins (EBITDA) improved to 3.31 per cent in FY2017 from 2.92 per cent in FY2016. The Profit after tax margins (PAT) improved to 0.38 per cent in FY2017 from 0.28 per cent in FY2016.

Weaknesses

• Average financial riskprofile

The financial risk profile is average marked by net worth of Rs. 6.45 crore as on 31 March, 2017 as against Rs.4.27 crore as on 31 March, 2016. The networth includes unsecured loans of Rs. 4.00 crore in FY2017 treated as quasi equity. The gearing (debt-to-equity ratio) stood at 1.98 times as on 31 March, 2017 compared to 2.23 times in the previous year. The total debt of Rs. 12.80 crore, consists of working capital borrowings of Rs.11.85 crore and term loans of Rs.0.95 crore as on 31 March, 2017. The total outstanding liabilities to tangible networth (TOL/TNW) stood at 2.75 times in FY2017 as against 2.90 times in the previous year. The interest coverage ratio (ICR) stood at 1.44 times in FY2017 and 1.42 times in FY2016. In FY2017, the net cash accruals to total debt (NCA/TD) stood low at 0.04 times.

• Working capital intensiveoperations

MMPL has working capital intensive operations marked by gross current assets (GCA) of 132 days in FY2017 as against 90 days in FY2016. This is on account of inventory holding of 86 days in FY2017 as against 42 days

in FY2016 and debtor days of 48 days in FY2017 as against 45 days in FY2016. The average working capital limit utilisation stood at over ~95 per cent in the last six months ended September 2017.

- **Agro climatic risks**

The main raw material - oilseeds like groundnut, sunflower, cotton etc. are highly dependent upon the monsoon. Thus, inadequate rainfall may affect the availability of the same in adverse weather conditions.

Analytical Approach

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

Outlook: Stable

SMERA believes that MMPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers substantial and sustainable growth in revenues, profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of steep decline in revenues and profitability or deterioration in the financial risk profile or further elongation of working capital cycle.

About the Rated Entity - Key Financials

For FY2016-17, MMPL reported profit after tax (PAT) of Rs. 0.24 crore on operating income of Rs. 63.51 crore compared with PAT of Rs.0.17 crore on operating income of Rs. 61.84 crore for FY2015-16. The net worth as on 31 March, 2017 stood at Rs. 6.45 crore compared to Rs. 4.27 crore as on 31 March 2016.

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)

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	11.80	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.05	SMERA B+ / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.02	SMERA B+ / Stable

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ABOUT SMERA

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