

Press Release

MARUTI PRODUCTS PRIVATE LIMITED

05 December, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	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. 18.00 crore bank facilities of MARUTI PRODUCTS PRIVATE LIMITED. The outlook is '**Stable**'.

Maruti Products Private Limited (MPPL) is engaged in the manufacture of steel billets at Jaipur and has installed capacity of 29000 Metric Tonne Per Annum (MTPA). The current utilisation is 90 percent.

Key Rating Drivers

Strengths

- **Experienced management**

MPPL was incorporated in 2010 by Mr. Varun Kumar Aggarwal and Mr. Akhilesh Kumar Aggarwal. The company is engaged in the manufacture of steel billets at Jaipur. The promoters have experience of more than a decade in the said line of business.

- **Modest financial risk profile**

The financial risk profile is marked by low gearing, moderate debt protection metrics and modest net worth base. The gearing stood low at 0.90 times and 0.89 times as on 31 March, 2017 and 31 March, 2016 respectively. The interest coverage ratio and DSCR stood at 1.78 and 0.98 times in FY2017 compared to 1.84 and 1.68 times in FY2016. The NCA/TD stood at 0.13 times in FY2017 and 0.15 times in FY2016.

Weaknesses

- **Declining revenue**

The company has moderate scale of operations marked by topline of Rs.59.96 crore as per FY2016-17 (Provisional) compared to Rs. 62.891 crore in FY2016 owing to slowdown in the steel industry.

- **Exposure to fluctuations in raw material prices**

The profit margins are exposed to fluctuations in the prices of steel, the major raw material.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Maruti Products Private Limited.

Outlook: Stable

SMERA believes that MPPL will maintain a stable outlook over the medium term and benefits from its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining its debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

About the Rated Entity - Key Financials

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059
CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

For FY2016-17, MPPL reported profit after tax (PAT) of Rs.0.69 crore on total operating income of Rs.98.29 crore, compared to PAT of Rs.0.73 crore on total operating income of Rs.79.23 crore in FY2015-16.

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

ICRA Ratings in its press release dated October 17, 2017 inter alia has stated the following: As part of its process and in accordance with its rating agreement with MPPL, ICRA had sent repeated reminders to the company for payment of surveillance fee that became overdue; however despite multiple requests; the company's management has remained non-cooperative. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's ratings are now denoted as: "[ICRA]B+ (Stable) / [ICRA]A4 ISSUER NOT COOPERATING".

Any other information

NA

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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.43	SMERA B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.07	SMERA B+ / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4

Contacts

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ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

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