

## Press Release

**Mohd Khaleel Ur Rahman (MKUR)**

17 April, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Cr.
<b>Long Term Rating</b>	SMERA BB-/ Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.6.00 crore bank facilities of Mohd Khaleel Ur Rahman (MKUR). The outlook is '**Stable**'.

Mohd Khaleel UR Rahman, a Telangana-based proprietorship concern established in 1990 is engaged in the trading of beedi leaves. The firm caters to tobacco companies.

### Key rating drivers

#### Strengths

##### Extensive experience of the Proprietor

The Proprietor, Mr. Mohammed Khaleel UR Rahman has experience of over two decades in the beedi trading industry. The experience has helped the firm establish long term relations with customers.

#### Weaknesses

##### Moderate scale of operations due to tender based nature of business

The operations of MKUR are moderate despite the firm trading in beedi leaves for the last two decades. The firm registered operating revenue of Rs.29.67 crore in FY2017 compared to Rs.21.23 crore in FY2016 and Rs.33.29 crore in FY2015. The revenue depends on the number of successful bids and tenders released in the financial year.

##### Working capital intensive operations

The operations are working capital intensive marked by Gross Current Assets (GCA) days of 154 in FY2017 as against 82 in FY2016. The GCA days are mainly dominated by receivables of 143 days in FY2017 as against 59 days in FY2016.

### Average financial risk profile

The financial risk profile is average marked by networth of Rs.6.08 crore in FY2017 as compared to Rs.4.92 crore in FY2016. The gearing deteriorated from 0.86 times in FY2016 to 1.45 times in FY2017 due to the addition of unsecured loans. However, the interest coverage stood at 3.17 times in FY2017 as against 2.65 times in FY2016.

### Analytical approach:

SMERA has considered the standalone business and financial risk profiles of MKUR to arrive at the rating.

### Outlook – Stable

SMERA believes that MKUR will maintain a Stable outlook over the medium term on account of the extensive experience of the proprietor in the industry. The outlook may be revised to 'Positive' in case of sustainable improvement in revenue profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	29.67	21.23	33.29
EBITDA	Rs. Cr.	1.79	1.02	1.28
PAT	Rs. Cr.	1.22	0.66	0.93
EBITDA Margin	(%)	6.04	4.82	3.84
PAT Margin	(%)	4.11	3.09	2.78
ROCE	(%)	15.05	12.74	32.85
Total Debt/Tangible Net Worth	Times	1.45	0.86	0.87
PBDIT/Interest	Times	3.17	2.65	3.52
Total Debt/PBDIT	Times	4.91	4.13	2.90
Gross Current Assets (Days)	Days	154	82	75

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

None

### Any other information:

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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	4.00	SMERA BB-/Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4/

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