



Press Release

Mahabir Polyfabs Private Limited

February 28, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE D**' (read as **ACUITE D**) to the Rs. 15.00 crore bank facilities of MAHABIR POLYFABS PRIVATE LIMITED (MPPL).

MPPL, a Kolkata based company was incorporated in 2006 by Mr. Nilesh Maskara. The company is being currently managed by Mr. Deep Kumar Maskara, Mr. Nilesh Maskara and Mr. Ram Dayal Maskara. MPPL is engaged in manufacturing of PP/HDPE woven bags, PP fabrics, and Leno bags, and has manufacturing capacity of 3600 TPA. The products are mainly sold to companies in cement industry.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of MPPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Long track record of operations**

MPPL was incorporated in 2006, thus has an operational track record of more than a decade in the industry. Mr. Nilesh Maskara has an experience of around thirteen years in the same line of business. Hence, long track record of operations and experience of management has helped the company develop healthy relationships with its customers and suppliers.

Weaknesses

- **Delay in servicing of interest obligations**

There has been delay in servicing of interest obligations in their term loans. The company has delayed in its monthly interest obligations till December 2018.

- **Weak financial risk profile**

The weak financial risk profile is marked by negative net worth, negative gearing and low debt protection metrics. The net worth stood at a negative of Rs.3.53 crore as on March 31, 2018, a decline from a negative Rs.0.81 crore in as on March 31, 2017, mainly on account of accumulated loss leading to negative reserves. The gearing stood negative at 5.34 times as on 31 March, 2018 as against negative of 23.99 times as on 31 March, 2017, mainly due to negative net worth. The Interest Coverage Ratio (ICR) stood at a negative of 1.93 times while the company registered Debt Service Coverage Ratio (DSCR) at a negative 2.04 times as on March 31, 2018. The net cash accruals against total debt stood low at negative 0.10 times in FY2018.

Liquidity Position:

Liquidity profile of MPPL is expected to remain weak. The company's working capital operations are expected to remain intensive with high GCA days of 296 days as on March 31, 2018 on account of high inventory days of 191 days and debtor of 86 days. Acuite believes that the liquidity of the firm is likely to remain weak over the medium term on account of low cash accrual and significant debt repayments.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	10.35	16.97	15.05
EBITDA	Rs. Cr.	(1.22)	2.73	0.28
PAT	Rs. Cr.	(2.72)	(0.14)	(1.49)
EBITDA Margin	(%)	(11.75)	16.10	1.88
PAT Margin	(%)	(26.29)	(0.81)	(9.92)
ROCE	(%)	(14.66)	13.61	(3.93)
Total Debt/Tangible Net Worth	Times	(5.34)	(23.99)	(27.16)
PBDIT/Interest	Times	(1.93)	1.37	0.37
Total Debt/PBDIT	Times	(16.14)	6.97	28.13
Gross Current Assets (Days)	Days	296	239	163

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	5.62	ACUITE D
Term loans	Not Applicable	Not Applicable	Not Applicable	6.27	ACUITE D
Working Capital Term Loan	Not Applicable	Not Applicable	Not Applicable	1.36	ACUITE D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.19	ACUITE D
Proposed	Not Applicable	Not Applicable	Not Applicable	0.56	ACUITE D

Contacts

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About Acuité Ratings & Research:

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