

## Press Release

### Micky Metals Limited

September 30, 2020

### Rating Withdrawn



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE BB+ (Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuite has reviewed and withdrawn the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.10.00 crore of bank facilities of Micky Metals Limited (MML).

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuite's policy on withdrawal.

Micky Metals Limited (MML) was established in the year of 1995, by Mr. Sumit Agarwal, Mr. Narendra Kumar Agarwal, Mr. Saket Agrawal and Mr. Sarwan Kumar Agarwal. The company is engaged in the manufacturing of TMT Bars with a current installed capacity of 100000 MTPA. The manufacturing facility is located at Birbhum (West Bengal).

### Analytical Approach:

Acuite has considered the standalone business and financial risk profile of MML while arriving at the rating.

### Key Rating Drivers:

#### Strengths

#### Experienced management

MML has been in operations since 1995. The Director, Mr. Sumit Agarwal, Mr. Narendra Kumar Agarwal, Mr. Saket Agarwal and Mr. Sarwan Kumar Agrwal have an experience of more than two decades in iron and steel industry.

#### Comfortable financial risk profile

The financial risk profile of the company is marked by moderate net worth, moderate gearing and comfortable debt protection metrics. The net worth of the company stood moderate at Rs.22.72 crore in FY2020 (Prov.) as compared to Rs. 21.75 crore in FY2019. The improvement in networth is mainly due to the retention of current year profit. The gearing of the company stood moderate at 1.11 times as on March 31, 2020 (Prov.) when compared to 0.93 times as on March 31, 2019. The total debt of Rs 25.25 crore in FY2020 (Prov.) comprises mainly of a short term loan of Rs. 21.05 crore, unsecured loan from promoters of Rs. 3.96 crore and long term loan of Rs.0.24 crore. Interest coverage ratio (ICR) of the company stood comfortable at 1.83 times in FY2020 (Prov.) as against 2.15 times in FY 2019. The debt service coverage ratio (DSCR) of the company also stood healthy at 1.83 times in FY2020 (Prov.) as compared to 2.15 times in the previous year. The net cash accruals to total debt (NCA/TD) stood moderate at 0.07 times in FY2020 (Prov.) as compared to 0.08 times in the previous year.

#### Weaknesses

#### Low profitability margin

The operating profitability margin of the company stood low at 2.52 per cent in FY20 (Prov.) as compared to 1.93 per cent in FY2019. The net profit margin of the company has also stood low at 0.73 per cent in FY20 (Prov.) as compared to 0.65 per cent in the previous year.

#### Working capital intensive nature of operation

The company's working capital intensive nature of operation marked by high Gross Current Asset (GCA) days of 162 days in FY2020 (Prov.) as against 131 days in FY2019. This increase in GCA days is on account of increase in debtor days to 117 days in FY2020 (Prov.) as against 92 days in FY2019. However, the inventory days stood moderate at 44 days in FY2020 (Prov.) as against 37 days in FY2019.

### Rating Sensitivity

- Scaling up of operations while maintaining their profitability margin
- Working capital management

### Material Covenant

None

### Liquidity Position: Adequate

The company has adequate liquidity marked by moderate net cash accruals of Rs.1.72 crore as against nil long term debt obligations in FY2020 (Prov.). Moreover, the company's operations are working capital intensive marked by gross current asset (GCA) days of 162 in FY2020 (Prov.) as compared to 131 days in the previous year. The current ratio of the company stood comfortable at 1.50 times in FY2020 (Prov.). The company maintained unencumbered cash and bank balances of Rs.0.54 crore as on March 31, 2020 (Prov.). Moreover, the company has neither applied COVID emergency fund nor availed the loan moratorium on their CC facility till the end of August 2020.

### About the Rated Entity - Key Financials

	Unit	FY20 (Prov.)	FY19 (Actual)
Operating Income	Rs. Cr.	139.91	142.07
PAT	Rs. Cr.	1.02	0.92
PAT Margin	(%)	0.73	0.65
Total Debt/Tangible Net Worth	Times	1.11	0.93
PBDIT/Interest	Times	1.83	2.15

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition – <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities – <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments – <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings / Outlook
14-Aug-2019	Cash Credit	Long Term	10.00	ACUITE BB+/Stable (Assigned)

### \*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	10.00	ACUITE BB+ (Withdrawn)

## Contacts:

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## About Acuité Ratings & Research:

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