



SMERA RATINGS LIMITED

MFL India Limited (MFL)**Rating
Rationale****December 26, 2013**

Facilities	Amount (Rs. Crore)	Ratings
SME Car Loan	0.30	SMERA BB+/Stable (Assigned)
Cash credit	15.00	SMERA BB+/Stable (Assigned)
Standby line letter of credit	2.25	SMERA A4+ (Assigned)
Bank Guarantee	1.00	SMERA A4+ (Assigned)
Proposed long-term bank facilities	21.45	SMERA BB+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as **SMERA Double B Plus**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A Four Plus**) to the above-mentioned bank facilities of MFL India Private Limited (MFL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, reputed clientele and strong debt protection metrics. However, the ratings are constrained by the company's working capital-intensive business, modest scale of operations and exposure to intense competition prevalent in the logistics industry.

MFL, established in 2003, is a Gurgaon-based, company engaged in providing logistics and transportation services, including bulk handling and surface transportation services. MFL benefits from its experienced management. Mr. Anil Thukral and Mrs. Sheetal Thukral, Directors of MFL, have around two decades of experience in the transportation and logistics industry. MFL caters to several reputed customers including Jaiprakash Associates Limited, Ultra Tech Cement Limited, Ambuja Cements Limited, Hindustan Zinc Limited, Adani Logistics Limited and BMM Ispaat Limited.

MFL has strong debt protection metrics as reflected in low leverage at 0.63 times as on March 31, 2013 and healthy interest coverage ratio of 4.76 times in FY2012-13 (refers to financial year, April 01 to March 31). MFL's operations are working capital-intensive as reflected in operating cycle of 100 days and receivables period of 113 days in FY2012-13. The company's average utilisation of cash credit limit is 95 per cent during April 2013 to September 2013. MFL primarily caters to steel, cement, construction, mines and minerals, automobiles and consumer durables industry.

MFL has a modest scale of operations with revenues of Rs.90.41 crore in FY2012-13. The company faces intense competition from several large and small players in the logistics industry.

Outlook: Stable

SMERA believes MFL will maintain its moderate business risk profile in the medium term on the back of its experienced management and established relationships with customers. The outlook may be revised to 'Positive' in case the company expands its scale of operations while registering better profit margins and achieving efficient working capital management. Conversely, the outlook

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may be revised to 'Negative' in case of further stretch in the company's working capital cycle or in case of deterioration in the company's capital structure.

About the company

MFL (established in 2003 as Dynamic Movers Private Limited), is a BSE-listed company engaged in providing logistics and transportation services, including bulk handling and surface transportation services.

For FY2012-13, MFL reported PAT of Rs.0.23 crore on operating income of Rs.90.41 crore, as compared with PAT of Rs.0.54 crore on operating income of Rs.77.51crore for FY2011-12. The company's net worth stood at Rs.27.40 crore as on March 31, 2013, as compared with Rs.26.39 crore a year earlier.

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