

MBE Coal & Mineral Technology India Private Limited

March 29, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.25	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	7.50	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	25.75 (Rs. Twenty-Five Crore and Seventy-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

MBE Coal & Mineral Technology India Private Limited (MCMT) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on MBE Coal & Mineral Technology India Private Limited's bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account the on-going delays in debt servicing of the facilities by the company. The ratings are constrained due to weak financial performance, vulnerable capital structure and debt protection metrics, working capital intensive nature of operations, relatively small sized company, low order book position and volatility in the prices of raw materials. The rating, however, derives strength from experienced promoter and diversified group.

Detailed description of the key rating drivers

At the time of last rating on January 06, 2021 the following were the rating weaknesses and strengths (updated for the information available from the Company and Registrar of Companies):

Key Rating Weaknesses

Delays in debt servicing

Due to stretched liquidity, there are overdrawals in cash credit account and devolvement of letter of credit for more than 30 days.

Weak financial performance

Total operating income declined to Rs.24.41 crore in FY21 from 39.03 crore in FY20. Accordingly, the company has reported loss of Rs.2.93 crore in FY21 vis-à-vis profit of Rs.0.30 crore in FY20.

Vulnerable capital structure and debt protection metrics

Capital structure further deteriorated due to loss incurred in FY21 and consequent impact on networth which turned negative in FY21. The debt protection metrics continued to remain negative as on March 31, 2021.

Working capital intensive nature of operations

MCMT operations are highly working capital intensive in nature. The tenure of Operation and Maintenance (O&M) contracts is minimum 3 years, while the delivery cycle for Centrifuge machine manufacturing and selling is 3-4 months. Further, EPC contracts for Coal and Mineral beneficiation plants have a delivery period of around 6-8 months. The operating cycle stood at 166 days in FY21 vis-à-vis 157 days in FY20.

Relatively small sized company

MCMT was incorporated in August, 2009 as a separate company through the demerger of the coal and minerals division of Humboldt Wedag India Pvt Ltd (HWIPL; operating since 1976). Even then, MCMT continues to be a small company with total capital employed of Rs.11.80 crore as on March 31, 2020 (P.Y.: Rs.12.89 crore).

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; Based on best available information

Moderate order book position

MCMT has low order book position of Rs.11.81 crore as on February 01, 2022 as against order book of Rs.35.40 crore as on August 31, 2020.

Volatility in the prices of raw materials

The company is exposed to volatility in prices of raw materials and finished goods as majority of the contracts are on fixed price basis.

Key Rating Strengths

Experienced promoter and diversified group

MCMT belongs to Kolkata based B.M. Khaitan group, which is a well-diversified industrial house having interest in dry batteries, tea, chemicals, construction etc. with Eveready Industries (India) Ltd being the flagship company. Given the long track record of the B.M. Khaitan group in construction & construction equipment business, technical and business support is available to the company.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non-financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

About the Company

MCMT belongs to B.M. Khaitan Group of Kolkata. It is a subsidiary of McNally Sayaji Engineering Ltd. The company is engaged in turnkey engineering & project execution of coal and mineral beneficiation plants, manufacturing of various material handling equipment and trading of material handling equipment.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (U/A)
Total operating income	39.03	24.41	NA
PBILDT	2.68	0.21	NA
PAT	0.30	-2.93	NA
Overall gearing (times)	7.21	NM	NA
Interest coverage (times)	NM	NM	NA

A: Audited; U/A: Unaudited; NM: Not Meaningful; NA: Not Available

Status of non-cooperation with previous CRA: NA

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	9.75	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC	-	-	-	-	7.50	CARE D / CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	-	8.50	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	9.75	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (06-Jan-21) 2)CARE D (09-Nov-20)	1)CARE C; Stable (13-Mar-20)	1)CARE C; Stable (12-Feb-19)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST^	7.50	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D (06-Jan-21) 2)CARE D / CARE D (09-Nov-20)	1)CARE C; Stable / CARE A4 (13-Mar-20)	1)CARE C; Stable / CARE A4 (12-Feb-19)
3	Fund-based - LT-Cash Credit	LT	8.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (06-Jan-21) 2)CARE D (09-Nov-20)	1)CARE D (13-Mar-20)	1)CARE D (12-Feb-19)

^ Long Term / Short Term; *Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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