

MARCH 10, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF MAURIA UDYOG LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	55 (enhanced from 30)	CARE BBB- (Triple B Minus)	Reaffirmed
Short term Bank Facilities	215	CARE A3 (A Three)	Reaffirmed
Total Facilities	270 (Rupees Two Hundred and Seventy Crore only)		

Rating Rationale

The ratings continue to derive strength from the experienced and resourceful promoters of Mauria Udyog Limited (MUL) with established track record in the gas cylinder business. The ratings also favourably factor in MUL's diversified product profile and established client base. The rating strengths are, however, partially offset by MUL's moderate financial risk profile marked by healthy growth in operating income, low profitability margins and high overall gearing. The ratings are also constrained by the working capital intensive nature of operations, vulnerability of margins to fluctuation in raw material prices and high competition due to fragmented nature of industry.

Going forward, the ability of the company to achieve the envisaged revenue and profitability while improving its capital structure and effectively managing its working capital requirements shall be the key rating sensitivities.

Background

MUL was incorporated in 1980 by the Sureka family comprising Mr V K Sureka, Mr N K Sureka and Mr A K Sureka. The operations of the company are managed by Mr N K Sureka (Managing Director). MUL is the flagship company of the Mauria group. The group is involved in diverse business activities including manufacturing of cylinders, valves, regulators, terry towels, trading of commodities, NBFC, etc.

MUL is engaged in the manufacturing of cylinders, valves and regulators used for filling Liquefied Petroleum Gas (LPG) and other gases such as ammonia and refrigerants. The manufacturing facility was set up at Faridabad, Haryana, in 1984 and has an annual installed capacity of 2.4 million for cylinders, 1.8 million for valves and 1.2 million for regulators as on March 31, 2015.

MUL also manufactures 100% cotton terry towels at its facility located in Faridabad. The manufacturing facility was set up in 2005 and has an installed capacity of 1,200 metric tonnes per annum as on March 31, 2015. The terry towels are sold under the brand name "Eurospa" and are sold domestically as well as exported to countries like Ukraine, France, etc.

MUL is also engaged in trading and manufacturing of agro-commodities such as soybean meal & cake and domestic trading of metals like steel, brass, copper and ferrous scrap. The trading comprises significant component of total sales with 62.85% contribution during FY15 (refers to the period April 1 to March 31).

During FY15, the company reported a PBILDT and PAT of Rs.49.27 crore and Rs.9.70 crore, respectively, on a total operating income of Rs.1,022.24 crore as against a PBILDT and PAT of Rs.47.86 crore and Rs.9.51 crore, respectively, on a total operating income of Rs.779.45 crore. During H1FY16 (refers to the period April 1 to September 30), MUL reported a total operating income of Rs.512.77 crore with a PBILDT and PAT of Rs.20.03 crore and Rs.5.17 crore, respectively.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Mr. Sudhir Kumar

Tel: 011-45333232

Email: sudhir.kumar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com**CIN - L67190MH1993PLC071691**