

MARCH 29, 2016

CARE ASSIGNS 'CARE BBB-' AND 'CARE A3' RATINGS TO THE BANK FACILITIES OF MULTIMETALS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term / Short-term Bank Facilities	25	CARE BBB- / CARE A3 (Triple B Minus / A Three)	Assigned
Total	25 (Rupees Twenty Five crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Multimetals Limited (MML) derive strength from the qualified and experienced promoter group, established track record and long-standing relationship with clientele across different industries, moderate profitability along with moderate leverage and debt coverage indicators. The ratings also take into account reputed clientele with majority of sales being derived from exports.

The ratings, however, remain constrained due to fluctuating scale of operations, working capital intensive nature of operations due to high inventory and collection period, risk related to volatility in the prices of raw materials as well as its presence in a competitive industry.

MML's ability to increase its scale of operations while maintaining its profitability margins and efficient working capital management along with its ability to derive the benefits as envisaged from recently concluded capex would be the key rating sensitivities.

Background

MML was incorporated in 1962 as a joint venture between Late Mr G D Binani and Revere Copper & Brass Inc, New York. In FY93 (refers to the period April 1 to March 31), the company was acquired by Mr P R Damani and Mr N R Damani and was subsequently acquired by Mr Vasudev Agrawal and Mr Rajendra Agrawal in FY05. The company is engaged in the manufacturing of tubes, pipes, bars, rings, extruded and drawn semis from non-ferrous metals mainly copper cathodes/ingots at its sole manufacturing facility at Kota, Rajasthan. MML has an installed capacity of 4,100 metric tonnes per annum (MTPA) as on March 31, 2015. The products manufactured by MML find application across various industries including refrigeration, thermal power plants, heat exchangers, ship building and repairs, automobile, welding and petroleum refineries among others.

The promoter group also manages M/s Kota Dall Mill (rated 'CARE BBB- / CARE A3'), which is engaged in the manufacturing of nutritional food and wheat flour.

As per the audited results for FY15, MML reported a TOI of Rs.161.46 crore (FY14: Rs.177.80 crore) and PAT of Rs.3.98 crore (FY14: Rs.4.41 crore). Furthermore, as per the provisional results for 9MFY16, the company has reported TOI of Rs.120.07 crore and PAT of Rs.3.49 crore.

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

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****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.

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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.

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CIN - L67190MH1993PLC071691