



Rating Rationale

Minmet Refractory Solutions Pvt Ltd

August 11, 2017

Brickwork Ratings upgrades/reaffirms the ratings for the Bank Loan Facilities of ₹11.18 Crs of Minmet Refractory Solutions Pvt Ltd.

Particulars

Facility	Previous Limits (₹ Crores)	Present Limit (₹ Crores)	Tenure	Previous Rating (July 2016)	Present Rating
<u>Fund Based</u> Cash Credit	4.00	4.00	Long Term	BWR B+ (Outlook: Stable)	Upgraded to BWR BB- (Outlook: Stable)
Term Loan*	0.40	0.18			
<u>Non Fund Based</u> Letter of Credit	7.00	7.00	Short Term	BWR A4	Reaffirmed at BWR A4
Total	11.40	11.18	INR Eleven Crores and Eighteen Lakhs Only		

*Term Loan o/s as on July, 2017

†Please refer to BWR website www.brickworkratings.com for definition of the rating assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of Minmet Refractory Solutions Pvt Ltd up to FY16, provisional FY17 financials and information and clarifications provided by the company.

The rating has been upgraded due significant increase in revenue, promoters experience in the refractory business, improved order book position, established track record and long standing relationship with the customers and suppliers. However, the rating is constrained by thin profit margins, strained liquidity position, moderate protection metrics, foreign exchange rate risk and regulatory risk.

Going forward, the ability of the company to continue to enhance its scale of operations, improve profitability and debt protection metrics shall be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Minmet Refractory Solutions Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in



case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins are lower than expected figures.

About the Company

Minmet Refractory Solutions Pvt. Ltd incorporated in 2005. Prior to 2010, the company was operated in the name of Almag Marketing (India) Pvt. Ltd. The company is involved in trading of refractory materials such as Calcined Bauxite, Mullite and Brown Fused Alumina. The company's corporate office is located at Visakhapatnam, Andhra Pradesh. Mr. Ravi Kumar and Ms. Anuradha are the Directors of the company. Mr. Ravi Kumar is the Managing Director with more than 15 years of experience in the refractory business.

Company's Financial Performance

As per provisional FY17, Net sales from operations was at ₹51.51 crores in FY17 against ₹20.26 crores in FY16. The net profit of the concern was at ₹0.68 crores in FY17 as against ₹0.10 crores in FY16.

Rating History for the last three years (including withdrawn/suspended ratings)

Instrument/ Facility	Current Rating (2017)			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2016	2015	2014
Fund Based	Long Term	4.18	BWR BB-	BWR B+	NA	NA
Non Fund Based	Short Term	7.00	BWR A4	BWR A4		

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)



Analytical Contacts	Media
Vipula Sharma Deputy General Manager, Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.