

## Rating Rationale

**Brickwork Ratings assigns ‘BWR B’ & ‘BWR A4’ for the Bank Loan facilities aggregating ₹ 5.30 Cr of Malnad Prime Machining Technologies Pvt Ltd.**

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** for the Bank Loan facilities of Malnad Prime Machining Technologies Pvt Ltd (“MPMPL” or “the Company”).

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based <b>Cash Credit</b>	<b>0.25</b>	<b>Long Term</b>	<b>BWR B</b> (Pronounced BWR Single B) <b>Outlook : Stable</b>
Fund Based <b>Term Loan</b>	<b>3.85</b>	<b>Long Term</b>	
Non Fund Based <b>Bank Guarantee</b>	<b>1.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced A Four)
Non Fund Based <b>Bills Discounting</b>	<b>0.20</b>	<b>Short Term</b>	
<b>Total</b>	<b>5.30</b>	<b>INR Five Crores and Thirty Lakhs only</b>	

BWR has essentially relied upon the audited financial results up to FY14 and information and clarifications provided by the management of the company.

The ratings factor, inter alia, the promoters’ industry experience, and business support from Associate Company in similar business of casting/forging. However, the ratings are constrained by limited track record of company being first year of operation, low net worth and highly fragmented and competitive industry.

### Background

MPMPL is a private limited company established by the promoter Mr. Prateek Jois in the year 2012. The Company completed its construction and started its operations in October 2013. MPMPL is involved in the final machining of castings /forgings to provide final shape. Machining of castings/forgings involves, turning, milling, boring, shaping, drilling, tapping and grinding among the activities. The Company generates revenue through job works from associated companies, Malnad Alloy Castings Pvt Ltd and Shimoga Precision Castings Pvt Ltd, only customers of the Company as of now. MPMPL was established to reduce cost of outsourcing to Coimbatore for the associated company. MPMPL does not have any manufacturing activities of its own and is mainly into job work of machining components. MPMPL has various machineries to perform its job works including, CNC machine, radial drilling machine, air compressor, gear head lathe, CMM Dimensional measuring equipment, vertical turning lathe, etc.

### Financial Performances

MPMPL has had less than one year of operations so far. The Company’s revenue was ₹0.04Cr in FY14. As the Company had started its operations only in the second half of FY14, revenue

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

generated is low and it had operating loss. Tangible Net worth of the Company was at ₹ 0.13 Cr in FY14. The Company also had ₹2.10Cr of unsecured loan from Directors, shareholders and other company.

### Rating Outlook

The outlook is expected to be stable over the current year. Going forward, the ability of the firm to stabilize its operations and generate cash accruals to repay debt obligations becoming due in Q4FY15 which will be the key rating sensitivities.

Analyst Contact	Relationship Contact
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
Phone	Media Contact
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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