

Micro Precision

Instruments	Amounts (Rs. crore ¹)	Rating Action
LT – Fund based facilities	3.00	[ICRA]B+ Reaffirmed
LT – Non-fund based facilities	2.50	[ICRA]B+ Reaffirmed
LT – Unallocated facility	2.00	[ICRA]B+ Reaffirmed

ICRA has re-affirmed the long-term rating of **[ICRA]B+** (pronounced ICRA B plus)² outstanding on the Rs. 3.00 crore fund based facilities, the Rs. 2.50 crore non-fund based facilities, and the Rs. 2.00 crore unallocated facilities of Micro Precision (MP / the firm).

The reaffirmation of rating considers the significant experience of the promoters in dealing with the defence sector agencies and in supplying precision components, and the healthy growth in revenues witnessed by the firm in the current fiscal through its established clientele base supporting volumes through repeat orders. The company's performance during FY15 has improved on the back of healthy order flows from the Firm's key customers in the defence coupled with improvement in the pace of execution of the orders. The rating however remains constrained by the firm's limited scale of operations which restricts its financial flexibility, high customer concentration and stretched working capital intensity owing to large inventory holding. Going forward, with the ISO certification secured the firm's ability to grow its revenues while protecting its profit margins and manage its working capital cycle efficiently would be key credit monitorables.

Firm Profile

Micro Precision is a partnership firm incorporated in 1989 by Mr. D Magesh and his wife- Mrs. M Sandhya and is a Tier 1 supplier of precision metal components primarily to the agencies/divisions under the Ministry of Defence (Army and Navy). Precision components supplied to the army are used in Army tanks. Components supplied to the Navy include valves, pressure fittings, fasteners, Regeneration boxes and filters for ships and submarines. Over 90% of the supplies are directly made to the Defence sector and the rest is supplied to other Tier 1 suppliers.

Recent Results

According to audited results, the firm's net profits stood at Rs. 0.40 crore on an operating income of Rs.9.60 crore during FY2014-15. For the fiscal, 2013-14, the firm reported an operating income of Rs. 5.13 crore with a net profit of Rs. 0.02 crore.

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For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500