

Mirha Exports Private Limited

January 10, 2019

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based	140.00	140.00	[ICRA]D; reaffirmed
Non-fund Based	33.00	33.00	[ICRA]D; reaffirmed
Total	173.00	173.00	

*Instrument details are provided in annexure-1

Rationale:

ICRA has reaffirmed short-term rating of [ICRA]D (pronounced ICRA D) to the Rs. 173.0 crore bank facilities of Mirha Exports Private Limited (MEPL).

Going forward, MEPL's ability to service its debt obligations in a timely manner and a sustained improvement in the liquidity position will be the key credit sensitivity.

Outlook: Not applicable

Key rating drivers:

Credit challenges

Overdues in the bill discounting facility - There have been instances of overdues in the bill-discounting facility, of more than 30 days, due to the delays in realisation of receivables from a few overseas clients in the recent past. However, as of now, the overdues have been cleared.

Commoditised nature of business and unorganised market for raw material sourcing limits profitability - The company's profitability remains under pressure due to the fragmented nature and the unorganised structure of the meat-processing industry.

Vulnerability of profitability to adverse currency movements - With exports contributing a healthy share of MEPL's revenues, its margins remain exposed to adverse fluctuations in currency movements.

Liquidity position

The company's liquidity profile is weak due to delays in realising payments from its overseas customers.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation /Standalone	The ratings are based on the standalone financial profile of the company

About the company:

Incorporated in September 1997, MEPL is involved in processing and export of frozen buffalo meat products from India. It has an integrated abattoir-cum-processing facility at Dera Bassi (Punjab), which has a license to slaughter 1,200 animals per day (installed capacity to slaughter 2,000 animals per day) and a processing capacity of 150 metric tonnes (MT) of meat per day. It also has a 60 MT per day processing facility at Sahibabad, Uttar Pradesh.

Key financial indicators (Audited)

	FY2017	FY2018
Operating Income (Rs. crore)	1281.0	1299.1
PAT (Rs. crore)	18.1	12.4
OPBDIT/OI (%)	1.9%	1.8%
RoCE (%)	1.4%	1.0%
Total Debt/TNW (times)	1.6	1.9
Total Debt/OPBDIT (times)	5.9	8.4
Interest Coverage (times)	2.9	1.5

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in	Date & Rating in	Date & Rating in
					December 2018	July 2017	March 2017
1 PCFC/PC	Long Term	140.00	-	January 2019 [ICRA]D: Reaffirmed	[ICRA]D	[ICRA]A3	[ICRA]A2
2 Credit Exposure Limit	Short Term	33.00	-	[ICRA]D: Reaffirmed	[ICRA]D	[ICRA]A3	[ICRA]A2

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	PCFC/PC	-	-	-	140.00	[ICRA]D
NA	Credit Exposure Limit	-	-	-	33.00	[ICRA]D

Source: Mirha Exports Private Limited

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Not applicable	Not applicable	Not applicable

ANALYST CONTACTS

K. Ravichandran
+91 44 45964301
ravichandran@icraindia.com

Manish Ballabh
+91 124 4545 812
manish.ballabh@icraindia.com

Gaurav Singla
+91 124 4545 366
gaurav.singla@icraindia.com

Nishant Misra
+91 124 4545 862
nishant.misra@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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