



Press Release

Master Business Enterprises

November 23, 2020

Ratings

Facilities	Amount (INR crore)	Current Ratings	Rating Action
Long Term Fund Based Facilities - Cash Credit	25.00	IVR BB- ISSUER NOT COOPERATING*	Revised and moved to ISSUER NOT COOPERATING
Short Term Fund Based Facilities - Packing Credit	12.00	IVR A4 ISSUER NOT COOPERATING*	Revised and moved to ISSUER NOT COOPERATING
Total	37.00		

**Issuer not cooperating, based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The rating derives strength from the experience of the promoter, established network of clients and distribution network, infusion of capital by partners, moderate debt protection metrics and efficient working capital management. However, these strengths are, partially offset by stagnant operating income, weak profitability margins, intense competition due of low entry barriers, susceptibility to fluctuation in foreign exchange and client concentration risk. Growth in revenue, improvement in profitability margins and efficient working capital management are the key rating sensitivities.

Note on non-cooperation

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mail October 07, 2020, October 15, 2020 and October 27, 2020. However, despite repeated requests, the company has failed to submit Audited financial statements for FY19, FY20 and other data for review.

Availability of information is very critical in rating exercise. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the ratings assigned to the bank loan facilities of Master Business Enterprises aggregating to INR 37.00 crore to



Press Release

the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BB-ISSUER NOT COOPERATING (pronounced IVR Double B Minus ISSUER NOT COOPERATING) and IVR A4 ISSUER NOT COOPERATING (IVR A Four ISSUER NOT COOPERATING).

Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by Clients

About the Company

Master Business Enterprises was incorporated in November 1999 as a partnership firm by Mr. Sudhakar's family. It is a family-owned business started by Mr. S Sudhakar. The management has an experience of 3 decades with Business interests in Iron & Steel products such as TMT Bars, Structurals, Pillets, Iron Scrap, Sponge Iron, etc. It also started into the field of Surgical Equipment primarily to Orthopaedic Implants & Agro exports - Rice (different grading) exports worldwide in the recent past. The firm has offices in Visakhapatnam and Hyderabad. The type of products are TMT bars, structural steel, pellets, iron scrap, sponge iron, channels, angles, MS rounds, MS billets coal & coke, and medical implants and rice.

Financials*



Press Release

(INR crore)

For the year ended / As on	31-03-17	31-03-18	31-03-19
	Audited	Audited	Provisional
Total Operating Income	174.61	190.16	190.20
EBITDA	1.11	3.23	4.02
PAT	1.08	1.10	1.89
Total Debt	26.21	23.47	26.32
Tangible Net worth	13.41	13.77	18.89
Ratios			
a. EBIDTA Margin (in %)	0.64	1.70	2.11
b. PAT Margin (in %)	0.61	0.58	0.99
c. Overall Gearing ratio (x)	1.96	1.70	1.39

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Brickwork Ratings has moved the rating of Master Business Enterprises into the Issuer Non-Cooperating category as the company did not co-operate in the rating procedure despite repeated follow ups as per the Press Release dated March 30, 2019.

Any other information: None

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR crore)	Assigned Rating	Date(s) & Rating(s) assigned in 19-20 (October 3, 2019)	Date(s) & Rating(s) assigned in 18-19	Date(s) & Rating(s) assigned in 17-18
1.	Long Term Fund Based Facilities – Cash Credit	Long Term	25.00	IVR BB- ISSUER NOT COOPERATING	IVR BB/Stable Outlook	-	-
2.	Short Term Fund Based Facilities – Packing Credit	Short Term	12.00	IVR A4 ISSUER NOT COOPERATING	IVR A4	-	-



Press Release

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
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Press Release

Long Term Fund Based Facilities – Cash Credit	--	--	--	25.00	IVR BB- ISSUER NOT COOPERATING
Short Term Fund Based Facilities – Packing Credit	--	--	--	12.00	IVR A4 ISSUER NOT COOPERATING