

Press Release

Mimani Agro Products Private Limited

July 30, 2018



Rating Reaffirmed

| | |
|-------------------------------------|----------------------------|
| Total Bank Facilities Rated* | Rs. 15.00 Cr. |
| Long Term Rating | ACUITE B / Outlook: Stable |

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 15.00 crore bank facilities of Mimani Agro Products Private Limited. The outlook is '**Stable**'.

Mimani Agro Products Private Limited (Mimani) is a Rajasthan based company, incorporated in the year 2000 by Mr.Rajesh Kumar Mimani. It is engaged in processing of raw chana to chana dal, chana besan and chanasattu. Further, the company also processes moong dal, urad dal, matar dal, moth dal among others. The manufacturing facility is located at Bikarner with an installed capacity of 10,000 metrics tonnes per annum (tpa). The company sells its products under the brand name 'Ganapati'.

Key Rating Drivers

Strengths

- Experienced management and long track record of operations**

Mimani was established in the year 2000. Directors of the company Mr. Rajesh Mimani and Ms.Veena Mimani possess around 2 decades of experience in the agro processing Industry. The promoter also hold other directorship in Ganapati Tasty Foods Private Limited which manufactures ready to eat foods such as bhujia, namkeen among others. Long standing operations coupled with experience of the management in the industry will help the company in improving its business risk profile over the medium term

Weaknesses

- Decline in revenues**

Revenues of the company declined from Rs.29.01 crore in FY2016 to Rs.1.99 crore in FY2017 and Rs.2.43 crore in FY2018. During FY2017-FY2018, the company stopped operations due to modernisation and expansion; however, during this period, the company did minimal trading operations in dal in FY2017; and in FY2018, it started processing operations and initiated pushing the samples into the market. However, the revenues as per the earlier estimate for FY2018 is about Rs.46.4 crores in anticipation of commencement of plant operations end of March 2017, wherein it started in October 2017. The company started full-fledged manufacturing from April 2018 and reported revenues of around Rs.9 crore for the 3MFY2018. The company is expecting revenues in the range of Rs.80-100 crore in the FY2019 on account of addition of new products such as moong dal, urad dal among others. Acuité believes that, increase in scale of operations in the medium term would be the key rating sensitivity factor in the medium term.

- Below average financial risk profile**

Financial risk profile of the company is weak on account of high gearing, weak debt protection indicators, low net cash accruals to total debt (NCA/TD). Gearing is high at 3.22 times in FY2018, deterioration from 2.13 times in FY2017 on account of debt funded capital expenditure. Further, Mimani is in plans to expand further with a debt-funded capex of about Rs.9.0 crores majorly funded out of term loan. This is expected to deteriorate the gearing and total outside liabilities to total networth further to about 4.0 and 5.0 times respectively over the near to medium term .Debt protection metrics of interest coverage ratio is comfortable at 2.1 times in FY2018. However, its cash accruals are tightly matching against its debt obligations of Rs.1.6 crores in FY2019; going forward, its cash accruals are expected in the range of Rs.3.0 - 4.0 crores, against which its maturing obligations are about Rs.3.0 crores. Acuité believes that the financial risk profile is expected to deteriorate owing

to continued capex and nascent stage of revenues.

- **Competitive and fragmented industry**

The company is exposed to intense competition in the agro processing industry from organised and unorganised players due to low entry barriers.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Mimani to arrive at this rating.

Outlook: Stable

Acuité believes that Mimani will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case of higher-than-expected growth in its revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case in case of larger-than-expected debt-funded capital expenditure, or if the company fails to achieve the expected revenues and profitability or stretch in its working capital management leading to deterioration of financial risk profile and liquidity

About the Rated Entity - Key Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 2.43 | 1.99 | 29.01 |
| EBITDA | Rs. Cr. | 0.02 | 0.07 | 1.33 |
| PAT | Rs. Cr. | 0.01 | 0.02 | 0.04 |
| EBITDA Margin | (%) | 0.67 | 3.43 | 4.60 |
| PAT Margin | (%) | 0.28 | 1.20 | 0.12 |
| ROCE | (%) | 0.06 | 0.22 | 3.61 |
| Total Debt/Tangible Net Worth | Times | 3.22 | 2.13 | 1.62 |
| PBDIT/Interest | Times | 2.09 | 3.96 | 5.52 |
| Total Debt/PBDIT | Times | 1143.20 | 216.04 | 9.33 |
| Gross Current Assets (Days) | Days | 431 | 162 | 46 |

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|-----------|------------------|-------------------|
| 05-Jun-2018 | Secured Overdraft | Long Term | INR 3 | ACUITE B |
| | Working Capital Demand Loan | Long Term | INR 2 | ACUITE B |
| | Term Loan | Long Term | INR 4 | ACUITE B |
| | Proposed Bank Facility | Long Term | INR 6 | ACUITE B |
| 09-Mar-2017 | Secured Overdraft | Long Term | INR 3 | ACUITE B / Stable |

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|-----------------------------|-----------|-------|-------------------|
| Working Capital Demand Loan | Long Term | INR 2 | ACUITE B / Stable |
| Term Loan | Long Term | INR 4 | ACUITE B / Stable |
| Proposed Bank Facility | Long Term | INR 6 | ACUITE B / Stable |

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-----------------------------|-------------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 1.37 | ACUITE B / Stable |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 3.33 | ACUITE B / Stable |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 6.30 | ACUITE B / Stable |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 4.00 | ACUITE B / Stable |

Contacts

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About Acuité Ratings & Research:

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