

## Press Release

### Marshal Textiles Private Limited

August 03, 2018

### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 7.31 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 7.31 crore bank facilities of MARSHAL TEXTILES PRIVATE LIMITED. The outlook is '**Stable**'.

Marshal Textiles Private Limited is engaged in manufacturing of polyester yarn which has 75 percent polyester and 25 percent pressed cotton since 1995. The company operates at Erode (Tamil Nadu) with an installed capacity of 20160 spindles per annum. Besides, MTPL is also an authorized dealer of polyester staple fibre for Bombay Dyeing which contributes almost 17 percent of their revenues. MTPL is promoted by Ms. J. S. Nirmala Devi and Mr. K. P. Senthil Kumar.

### Key Rating Drivers

#### Strengths

- Experienced Management**

The rating continues to draw comfort from the longstanding experience of the promoters in the business. Ms. J. S. Nirmala Devi (Managing Director) and Mr. K. P. Senthil Kumar (Director) have been engaged in this business for nearly a decade. Acuite expects MTPL to continue to benefit from the promoters' ability to leverage their relationship with clients.

#### Weaknesses

- Uneven revenue profile**

MTPL operates on a moderate scale with uneven revenue during the period under study. The company reported a decline in the operating income to Rs.27.63 crore in FY2017 from Rs.35.65 crore in FY2016. Further, the company has reported a turnover of Rs.33.89 crore for FY2018 (Provisional).

- Average financial risk profile**

The financial risk profile of MTPL is average marked by low net worth of Rs. 2.77 crore as on March 31, 2018 (Provisional) as against Rs. 2.62 times as on March 31, 2017. Gearing stood high at 2.21 times as on March 31, 2018 (Provisional) as against 2.39 times as on March 31, 2017. The total debt of Rs.6.13 crore as on March 31, 2018 (Provisional) comprises of working capital borrowings to the tune of Rs.2.75 crore and term loans to the tune of Rs.2.70 crore and unsecured loans to the tune of Rs.0.68 crore. Interest Coverage Ratio stood at 1.86 times for FY2018 (Provisional) as against 1.69 times in FY2017. Total outside liabilities to total net worth (TOL/TNW) stood at 2.99 times as on March 31, 2018 (Provisional) as against 3.51 times as on March 31, 2017.

### Analytical Approach

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

### Outlook: Stable

Acuite believes that MTPL will maintain a 'Stable' outlook in the medium term owing to the experience of its management in the textile business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues while maintaining its working capital cycle and improving profitability indicators. Conversely, the outlook may be revised to 'Negative' in case of continued decline in revenue and accruals or deterioration in financial risk profile.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	33.89	27.63	35.65
EBITDA	Rs. Cr.	1.22	1.13	1.32
PAT	Rs. Cr.	0.12	0.12	0.09
EBITDA Margin	(%)	3.60	4.09	3.71
PAT Margin	(%)	0.36	0.43	0.25
ROCE	(%)	9.59	9.49	10.09
Total Debt/Tangible Net Worth	Times	2.21	2.39	2.79
PBDIT/Interest	Times	1.86	1.69	1.82
Total Debt/PBDIT	Times	4.81	5.29	4.68
Gross Current Assets (Days)	Days	72	112	94

### 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
18-Jun-2018	Cash Credit	Long Term	INR 3.00	ACUITE B+ (Indicative)
	Working Capital Demand Loan	Long Term	INR 2.00	ACUITE B+ (Indicative)
	Term Loan	Long Term	INR 0.75	ACUITE B+ (Indicative)
	Term Loan	Long Term	INR 1.50	ACUITE B+ (Indicative)
	Proposed Long Term Loan	Long Term	INR 0.06	ACUITE B+ (Indicative)
23-Mar-2017	Cash Credit	Long Term	INR 3.00	ACUITE B+ / Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	INR 2.00	ACUITE B+ / Stable (Assigned)
	Term Loan	Long Term	INR 0.75	ACUITE B+ / Stable (Reaffirmed)
	Term Loan	Long Term	INR 1.50	ACUITE B+ / Stable (Assigned)
	Proposed Long Term Loan	Long Term	INR 0.06	ACUITE B+ / Stable (Assigned)
11-Feb-2016	Secured Overdraft	Long Term	INR 5	ACUITE B+ / Stable (Reaffirmed)
	Term Loan	Long Term	INR 2.21	ACUITE B+ / Stable (Reaffirmed)

**\*Annexure – Details of instruments rated**

<b>Name of the Facilities</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. Cr.)</b>	<b>Ratings/Outlook</b>
Cash credit	Not Applicable	Not Applicable	Not Applicable	3.00*	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.57	ACUITE B+ / Stable
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	1.74	ACUITE B+ / Stable

*\*Inland Letter of Credit of Rs. 1.00 crore sublimit to cash credit.*

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### About Acuite Ratings & Research:

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