

Press Release

Madhusudan Prints Private Limited

August 14, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs.8.00 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.8.00 crore bank facilities of Madhusudan Prints Private Limited. The outlook is '**Stable**'.

Madhusudan Prints Private Limited (MPPL) incorporated in 1994 is a Gujarat based company engaged in manufacturing and trading of knitting fabrics promoted by Mr. Bharatbhushan Nandwani & Mr. Manoharlal Nandwani. The company purchases yarn from the local suppliers and manufactures knitted fabrics. The company has recently started embroidery works.

Key Rating Drivers

Strengths

- **Established operational track record along with experienced management**

MPPL established in 1994 in Surat, by Mr. Bharat Bhusan H Nandwani and Mr. Manoharlal H Nandwani is engaged in manufacturing & trading of knitted fabrics & yarn. The promoters of the company have more than two decade of experience in the same line of business.

Weaknesses

- **Small scale of operations**

The scale of operations of the company stood at relatively small levels with revenues of Rs.5.16 as on March 31, 2018 (Prov) as compared to Rs. 8.31 crs in the previous year.

- **Average financial risk profile**

MPPL's financial risk profile is average marked by relatively low net worth, comfortable gearing and moderate debt protection measures. The net worth of the company stood at Rs.5.83 crore as on 31st March, 2018 (Prov) increased from Rs.3.90 crore as on 31st March, 2017. Further, the net worth consists of unsecured loans of Rs.3.71 crore, which is subordinated with bank. Hence, Acuité has considered it as quasi equity. The company's gearing remains at around 0.83 times for the period FY2018 (prov) as compared to 0.41 times in the previous year. TOL/TNW levels stands at 0.97 times for FY2018 (Prov). MPPL's debt protection metrics are moderate as the interest coverage ratio (ICR) and DSCR stands at 4.25 times and 1.49 times for FY2018 (Prov) as compared to 7.74 times and 1.83 times for FY2017. NCA/TD stands low at 0.18 times for FY2018 (Prov).

- **Working capital intensive operations**

MPPL's operations are working capital intensive marked by high Gross current assets (GCA) of around 254 days as on 31st March, 2018 (Prov) as compared to 131 days as on 31st March, 2017. The inventory days stood at 48 days as on 31st March 2018 as against 37 days in the previous year. Further, the debtor days stood at 125 days as on 31st March 2018 as against 66 days in the previous year.

Analytical Approach

Acuité has taken the standalone business and financial risk profile of the company.

Outlook: Stable

Acuité believes that MPPL will maintain a Stable profile over the medium term backed by its established operational track record along with experienced management. The outlook may be revised to 'Positive' in case the company achieves improved profit margins and better cash accruals or improved

financial risk profile. Conversely the outlook may be revised to 'Negative' in case of high working capital requirements increasing the pressure on margins or deterioration in company's financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	5.16	8.31	6.40
EBITDA	Rs. Cr.	1.00	0.93	0.85
PAT	Rs. Cr.	-0.15	0.21	-0.05
EBITDA Margin	(%)	19.39	11.22	13.29
PAT Margin	(%)	-2.89	2.52	-0.73
ROCE	(%)	1.38	4.21	8.14
Total Debt/Tangible NetWorth	Times	0.83	0.41	0.64
PBDIT/Interest	Times	4.25	7.74	5.24
Total Debt/PBDIT	Times	4.36	1.53	2.51
Gross Current Assets (Days)	Days	254	131	185

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

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
03-Jul-2017	Term Loan	Long Term	INR 1.5	ACUITE B / Stable
	Term Loan	Long Term	INR 3.7	ACUITE B / Stable
	Cash Credit	Long Term	INR 0.25	ACUITE B / Stable
	Proposed Bank Facility	Long Term	INR 2.55	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	0.54	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	3.48	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.98	ACUITE B / Stable

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About Acuité Ratings & Research:

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