

Press Release

Ace Nonwoven Private Limited

19 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 16.05 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.16.05 crore bank facilities of Ace Nonwoven Private Limited. The outlook is '**Stable**'.

Ace Nonwoven Private Ltd (ANPL), a Maharashtra-based company was incorporated in 2014 by Mr. R.R. Maheshwari and Ms. Deepti Maheshwari. The company manufactures non-woven fabrics based on air technology at Palghar (Maharashtra). The installed capacity stands at 1800 Metric tonnes per annum.

Key Rating Drivers

Strengths

• Experienced promoters

ANPL is led by Mr. R.R. Maheshwari and Ms. Deepti Maheshwari. Mr. R.R. Maheshwari was a member of the Board of Directors of Ginni Filaments Limited (GFL) for two decades. He has more than three decades of experience in the health care industry. Ms. Deepti Maheshwari has around seven years of experience in warehousing and transportation.

Weaknesses

• Weak financial risk profile

The financial risk profile of ANPL is weak marked by net worth of Rs.4.46 crore as on 31 March, 2017 as against Rs.1.98 crore as on 31 March, 2016. The gearing stood at 2.53 times as on 31 March, 2017 as against 1.48 times as on 31 March, 2016. The total debt of Rs.11.30 crore outstanding as on 31 March, 2017 comprises Rs.9.70 crore of term loan from the bank, Rs.1.49 crore of unsecured loans and Rs.0.11 crore of working capital loan.

• Limited track record of operations

ANPL has limited operational track record of around a year. It was incorporated in 2014 and commenced operations on 1 May, 2017. Further, the company booked revenue of Rs.5.00 crore for FY2017-18 (Provisional).

• Exposure to foreign exchange fluctuation risk, raw material prices

ANPL is exposed to foreign exchange fluctuation risk as it imports 100 percent of its raw material from Korea, China, Taiwan and other South East Asian countries. The raw material used to manufacture the non-woven products is staple fibre. Any adverse change in the exchange rates will directly impact the profitability margins of the company.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of ANPL to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook on ANPL's rated facilities will remain 'Stable' over the medium term on the back of its experienced promoters. The outlook may be revised to 'Positive' in case the company registers strong growth in revenue while registering improvement in profit margins and maintaining a comfortable capital structure. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the revenue, profit margins and deteriorating capital structure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	-	-	-
EBITDA	Rs. Cr.	-	-	-
PAT	Rs. Cr.	-	-	-
EBITDA Margin	(%)	-	-	-
PAT Margin	(%)	-	-	-
ROCE	(%)	-	-	-
Total Debt/Tangible Net Worth	Times	-	-	-
PBDIT/Interest	Times	-	-	-
Total Debt/PBDIT	Times	-	-	-
Gross Current Assets (Days)	Days	-	-	-

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	10.05	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4

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