

**Press Release**  
**Ace Nonwoven Private Limited**

June 10, 2019



**Rating Reaffirmed and Assigned**

<b>Total Bank Facilities Rated*</b>	Rs.16.05 Cr.
<b>Long Term Rating</b>	ACUITE B/ Outlook: Stable (Reaffirmed and Assigned)
<b>Short Term Rating</b>	ACUITE A4 (Reaffirmed and Assigned)

\* Refer Annexure for details

**Rating Rationale**

Acuité has reaffirmed and Assigned the long term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs.16.05 cr. bank facilities of Ace Nonwoven Private Limited (ANPL). The outlook is '**Stable**'.

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

**Analytical Approach**

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

**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**

• **Below average Financial Risk Profile-**

The financial risk profile of the company is below average marked by tangible net worth of Rs.6.49 crore as on 31 March 2019 (Provisional) as against Rs.6.15 crore in the previous year. Gearing (debt-equity) of the company stood at 1.73 times as on 31 March 2019 (Provisional) as against 1.82 times as on 31 March 2018. The interest coverage ratio stood at 1.77 times for FY2019 (Provisional) as against 0.23 times for FY2018. DSCR stood at 1.00 times for FY2019 (Provisional) as against 0.59 times in the previous year. Total outside liabilities to tangible net worth (TOL/TNW) stood at 1.73 times as on 31 March 2019 (Provisional) as against 1.84 times as on 31 March 2018.

• **Working capital intensive nature of operation-**

ANPL has intensive working capital cycle marked by Gross Current Assets days (GCA) of 93 days in FY2019 (Provisional) as against 225 days for the FY2018. The GCA days are mainly dominated by inventory days of 66 days for the FY2019 (Provisional) as against 112 days for the FY2018, further the debtor days in FY2019 (Provisional) stood at 29 days as against 49 days in the previous year.

• **Foreign exchange fluctuation risk and susceptibility of margins to raw material prices-**

ANPL is subject to foreign exchange fluctuation risk as it imports most of its raw material from Korea, China, and Taiwan among other south east-Asian countries. The raw material used to manufacture the non-woven products is staple fibers. Any adverse change in the exchange rates will directly impact the profitability margins of the company.

### Liquidity position

The company has stressed liquidity position marked by below average net cash accruals to its maturing debt obligations. ANPL generated net cash accruals of Rs.1.11 crore for the FY2019 (Provisional) with the maturing debt obligation of Rs.1.11 crore for the same period. The company maintains unencumbered cash and cash balances of Rs.0.01 crore as on 31st March 2019 (Provisional) as against Rs.0.04 crore as on 31st March 2018. The current ratio of ANPL stood at 0.94 times as on 31st March, 2019 (Provisional) and 1.01 times as on 31st March 2018. Further ANPL has working capital intensive nature of operations marked by Gross Current Assets days (GCA) of 93 days in FY2019 (Provisional) as against 225 days in FY2018.

### Outlook: Stable

Acuité 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	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	12.03	3.56	NA
EBITDA	Rs. Cr.	2.54	0.27	NA
PAT	Rs. Cr.	0.32	(1.24)	NA
EBITDA Margin	(%)	21.11	7.72	NA
PAT Margin	(%)	2.70	(34.78)	NA
ROCE	(%)	10.32	(2.82)	NA
Total Debt/Tangible Net Worth	Times	1.73	1.82	NA
PBDIT/Interest	Times	1.77	0.23	NA
Total Debt/PBDIT	Times	4.41	40.06	NA
Gross Current Assets (Days)	Days	93	225	NA

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.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
19-April-18	Term Loans	Long term	10.05	ACUITE B/Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE B/Stable (Assigned)
	Bank Guarantee/ Letter of Guarantee	Short Term	2.00	ACUITE A4 (Assigned)

**\*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	8.60	ACUITE B/Stable (Reaffirmed)
Term Loans	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE B/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.90	ACUITE B/Stable (Reaffirmed)
Proposed Bank Facilities	Not Applicable	Not Applicable	Not Applicable	0.80	ACUITE B/Stable (Assigned)
Bank Guarantee/ Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Reaffirmed)
Proposed Bank Facilities	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Assigned)

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