

## Press Release

Minakshi Traders

June 07, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) on the Rs. 6.00 crore bank facilities of Minakshi Traders. The outlook is '**Stable**'.

Based in Bilaspur, Minakshi Traders (MT) was established as a partnership firm in 1985 by Mr. Sunil Agrawal, Mr. Ramesh Kumar Agrawal and others. The firm is engaged in trading of cement, steel, sanitary ware and pipes.

### Key Rating Drivers

#### Strengths

- **Experienced management**

MT is engaged in trading of cement, steel etc. since 1985, establishing long track record of operations in similar line of business. The Promoter, Mr. Sunil Agrawal has more than three decades of experience in the trading business. Acuité believes that MT will continue to benefit from the experience of its management.

#### Weaknesses

- **Moderate Scale of Operations**

Despite operations commencing from 1985, the scale of operation has been moderate with revenue at Rs.24.02 crore in FY2018 (provisional) as against Rs.14.14 crore in FY2017 and Rs.24.61 crore in FY2016.

- **Below Average Financial Risk Profile**

The below average financial risk profile is marked by low net worth, high gearing and weak debt protection metrics. The net worth levels of the firm stood at Rs.2.68 crore as on 31 March, 2017 as against Rs.1.69 crore as on 31 March, 2016. The gearing levels of the firm stood at aggressive levels of around 2.60 times in FY2017 as against 2.85 times in FY2016. The total debt of Rs.6.96 crore includes working capital facility of Rs.4.89 crore and unsecured loan of Rs.2.07 crore in FY2017. The Total Outside Liabilities/ Tangible Net Worth (TOL/TNW) stood at 3.21 times in FY2017 as against 3.14 times in FY2016. The interest coverage ratio stood low at 1.06 times in FY2017 as against 1.06 times in FY2016. The debt service coverage ratio stood at 1.06 times in FY2017 as against 1.06 times in FY2016. The Net Cash Accruals / Total Debt (NCA/TD) stood at 0.01 times in FY2017 as against 0.01 times in FY2016.

#### Analytical Approach

Acuité has considered the standalone business and financial risk profile of Minakshi Traders to arrive at the rating.

#### Outlook: Stable

Acuité believes that the outlook on MT will remain 'Stable' over the medium term backed by experience of the management. The outlook may be revised to 'Positive' in case of improvement in the firms operating income. Conversely, the outlook maybe revised to 'Negative' if the revenue or the financial risk profile declines.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	14.14	24.61	42.26
EBITDA	Rs. Cr.	0.82	0.66	0.63
PAT	Rs. Cr.	0.05	0.04	0.06
EBITDA Margin	(%)	5.80	2.67	1.48
PAT Margin	(%)	0.32	0.15	0.15
ROCE	(%)	10.13	10.38	20.07
Total Debt/Tangible Net Worth	Times	2.60	2.85	2.73
PBDIT/Interest	Times	1.06	1.06	1.18
Total Debt/PBDIT	Times	8.49	7.35	6.89
Gross Current Assets (Days)	Days	290	103	58

### 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>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE B / Stable

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