

Press Release

Meenar Industries Limited

January 15, 2019

Rating Withdrawn



| | |
|---------------------------------|---------------------------|
| Total Instruments Rated* | Rs. 13.13 Cr. |
| Long Term Rating | ACUITE BB- (Withdrawn) |

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) to the Rs. 13.13 crore bank facilities of Meenar Industries Limited (MIL). The rating withdrawal is in accordance with the Acuite's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

MIL was incorporated in 2007 and commenced its operations in 2015. The company is engaged in manufacturing of 100 percent polyester yarn with count ranging from 150, 300 and 900. The manufacturing unit is located in Varanasi (Uttar Pradesh) with installed capacity of around 15,000 MTPA. The company is also engaged in trading of saree which contributes around 40 percent of the total revenue.

Analytical Approach

For arriving at the ratings, Acuite has combined the business and financial risk profiles of Meenar Polydyed Yarn Limited (MPYL) and Meenar Industries Limited (MIL). As the two companies, collectively referred to as the Meenar group (MG), are in the same line of business, and under the same promoter group and management. Further, the companies have significant operational linkages with each other. Further, the management has confirmed that the two companies will be merged going forward.

About the group

Meenar Group (MG), established in 2003 is engaged in spinning, processing of yarn and weaving and trading of sarees. The group provides diversified products including yarn, fabric and sarees. The group is based at Varanasi (Uttar Pradesh). MG comprises of Meenar Industries Limited and Meenar Polydyed Yarn Limited. The group is promoted by Alam family and has presence of more than fifteen years in the textile industry.

About the Rated Entity Financials (Consolidated)

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 62.19 | 68.35 | 64.33 |
| EBITDA | Rs. Cr. | 8.84 | 8.22 | 6.21 |
| PAT | Rs. Cr. | 0.84 | 0.35 | 0.25 |
| EBITDA Margin | (%) | 14.22 | 12.03 | 9.65 |
| PAT Margin | (%) | 1.35 | 0.52 | 0.38 |
| ROCE | (%) | 7.04 | 7.63 | 11.27 |
| Total Debt/Tangible Net Worth | Times | 1.79 | 1.72 | 1.77 |
| PBDIT/Interest | Times | 3.02 | 2.54 | 2.56 |
| Total Debt/PBDIT | Times | 3.85 | 3.80 | 5.09 |
| Gross Current Assets (Days) | Days | 160 | 117 | 85 |

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

ICRA, vide its press release dated November 15, 2017 had denoted the rating of Meenar Industries Limited as 'ISSUER NOT COOPERATING' on account of non submission of monthly No default statement (NDS).

Any other information

None

Applicable Criteria

- Manufacturing entities-<https://www.acuite.in/view-rating-criteria-4.htm>
- Trading entities-<https://www.acuite.in/view-rating-criteria-6.htm>
- Consolidation of Companies-<https://www.acuite.in/view-rating-criteria-22.htm>
- Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-17.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. Crore) | Ratings/Outlook |
|-------------|--------------------------------|-----------|--------------------|-------------------------------|
| 23-Aug-2018 | Cash Credit | Long Term | 4.30 | ACUITE BB- /Stable (Assigned) |
| | Term Loan | Long Term | 7.63 | ACUITE BB- /Stable (Assigned) |
| | Proposed Cash Credit | Long Term | 1.20 | ACUITE BB- /Stable (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 |
|------------------------|------------------|----------------|----------------|-------------------------------|------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 4.30 | ACUITE BB- (Withdrawn) |
| Term Loan | Not Applicable | Not Applicable | Not Applicable | 7.63 | ACUITE BB- (Withdrawn) |
| Proposed Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.20 | ACUITE BB- (Withdrawn) |

Contacts

| Analytical | Rating Desk |
|--|---|
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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