

## Press Release

### MG Worldwide Private Limited

October 22, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 8.50 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 8.50 crore bank facilities of MG Worldwide Private Limited (MGWPL). The outlook is '**Stable**'.

MG Worldwide Private Limited (MGWPL) was incorporated in the 1996 by Mr. Arun Bhatnagar and Mrs. Rachna Bhatnagar. The company is engaged in supplying of damper to the Indian railways, trading of commodities and trading of equipment& material to the international market. The day to day operation of the company is managed by Mr. Arun Bhatnagar. The trading unit is located at New Delhi.

### Analytical Approach

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

### Key Rating Drivers:

#### Strengths

- **Experienced management and long track record of operation**

MGWPL has been in operations since 1996. The promoters have more than two decades of experiences in similar industry.

- **Reputed clientele and diversified business portfolio**

The company has reputed clientele base and gets orders from Indian Railways for supplying of dampers, company also get order for different equipment and material from World Bank, United Nation Development Programme (UNDP), and International Fund for Agriculture Development (IFAD) among others for supplying of different equipment and material.

#### Weaknesses

- **Moderate scale of operation**

The revenue of the company stood moderate at Rs.20.80 core in FY2018 (Provisional) as compared to Rs.25.22 crore in previous year. The company booked Rs.14.00 crore till August 2018.

- **Average financial risk profile**

The average financial risk profile is marked by low net worth, comfortable gearing and moderate debt protection metrics. The net worth stood low at Rs.2.60 crore in FY2018 (Provisional) as compared to Rs.2.49 crore in FY2017 mainly on account of retention of current year profit. The gearing of the company stood comfortable at 0.63 times in FY2018 (Provisional) as compared to 1.62 times in FY2017. The total debt of Rs.1.62 crore entirely

consists of short term debt. The interest coverage ratio (ICR) stood moderate at 1.60 times in FY2018 (Provisional) as compared to 1.37 times in FY2017. The debt service coverage ratio (DSCR) stood healthy at 1.44 times in FY2018 (Provisional) as compared to 1.31 times in FY2017. The net cash accruals against the total debt stood moderate at 0.14 times in FY2018 (Provisional) and 0.06 times in FY2017. The total outside liability against tangible net worth stood at 1.64 times in FY2018 (Provisional) as compared to 1.94 times in the previous year.

### Outlook: Stable

Acuite believes that MGWPL will maintain a 'Stable' outlook in the medium term owing to its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and cash accruals while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or deterioration of the capital structure and any deterioration in working capital management.

### About the Rated Entity - Key Financials

	Unit	FY18 (Prov.)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	20.80	25.22	23.81
EBITDA	Rs. Cr.	0.76	0.96	1.24
PAT	Rs. Cr.	0.11	0.09	0.09
EBITDA Margin	(%)	3.65	3.80	5.21
PAT Margin	(%)	0.51	0.37	0.40
ROCE	(%)	13.15	11.76	26.10
Total Debt/Tangible Net Worth	Times	0.63	1.62	2.77
PBDIT/Interest	Times	1.60	1.37	1.26
Total Debt/PBDIT	Times	2.03	3.88	5.13
Gross Current Assets (Days)	Days	95	84	157

### 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>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4

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