



Press Release

ONO UNIFORMS PRIVATE LIMITED

D-U-N-S® Number: 87-391-8248

February 25, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4** (read as ACUITE A four)' to the Rs. 10.00 crore bank facilities of ONO UNIFORMS PRIVATE LIMITED (OUPL).

Incorporated in 2012, OUPL is a Mumbai-based company promoted by Mr. Manish Chaturvedi and Ms. Divya Suvarna (Directors). The company is engaged in trading of fabrics and all types of readymade garments. The company caters to various corporate and schools.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management and reputed clientele**

OUPL is managed by Directors who possess nearly a decade of experience in this industry. 50 percent of the company's revenue comes solely from Mafatlal Industries Limited for supplying readymade garments. Acuité believes that OUPL will continue to benefit from its experienced management which will help the company to maintain long standing relations with its customers such as Mafatlal Industries Limited, Sunil Industries Limited and schools including Ryan International and St. Xaviers School, among others; and suppliers such as Zee Fabrics and Maheshwari Fabtex Private Limited, among others.

- **Comfortable working capital cycle**

OUPL's working capital cycle has remained comfortable marked by Gross Current Assets (GCA) days of 41 in FY2018 against 119 in FY2017. The company has an inventory holding period of 18 days in FY2018 as against 42 days in FY2017. The collection period stood at 15 days in FY2018 against 73 days in FY2017. Acuité believes that the company will continue to effectively manage its working capital cycle in order to maintain a stable credit profile.

Weaknesses

- **Average financial risk profile**

The financial risk profile is average marked by tangible net worth of Rs.1.54 crore as on 31 March, 2018 as against Rs.1.06 crore in the previous year. The gearing stood at 2.67 times as on 31 March, 2018 as against 1.15 times in the previous year. The total debt of Rs.4.10 crore entirely consists of unsecured loans from promoters. Interest Coverage Ratio (ICR) stood at 6.84 times in FY2018. The total outside liabilities to tangible net worth (TOL/TNW) stood at 3.21 times as on 31 March, 2018 as against 11.20 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.12 times in FY2018 compared to 0.86 times in FY2017. Further, the company has undertaken additional working capital limits which will furthermore tighten its debt protection metrics. Going forward, Acuité believes that the company's ability to improve its net worth along with debt protection metrics will remain key sensitivity.

• **Thin profitability margins**

OUPL operates in thinly profitable industry due to trading nature of the business and intensely competitive industry with number of organised and unorganised players. PAT margin stood constant at 0.82 percent in FY2018 against 2.64 percent in FY2017 and 0.19 percent in 2016. Acuité believes that the company's ability to register growth in revenue while maintaining adequate profitability will be key sensitivity factor.

Liquidity Position:

Liquidity of OUPL is average marked by net cash accruals against repayment obligations. The company generated cash accruals of Rs.0.50-1.10 crore for FY2016-18, while its maturing debt obligations were nil over the same period. The cash accruals of the company are estimated to remain around Rs.0.50-1.00 crore during 2019-21. The company operates in a comfortable working capital nature of operations marked by gross current asset (GCA) days of 41 in FY 2018. Further, the cash credit limit of the company is utilised less than 50 percent for last six months ended January 2019. The company maintains unencumbered cash and bank balances of Rs.0.03 crore as on March 31, 2018. The current ratio of the company stood at 7.76 times as on March 31, 2018.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	57.81	39.79	40.43
EBITDA	Rs. Cr.	0.80	1.57	0.08
PAT	Rs. Cr.	0.47	1.05	0.05
EBITDA Margin	(%)	1.38	3.95	0.19
PAT Margin	(%)	0.82	2.64	0.13
ROCE	(%)	20.08	28.24	1.73
Total Debt/Tangible Net Worth	Times	2.67	1.15	611.70
PBDIT/Interest	Times	6.84	2387.29	142.96
Total Debt/PBDIT	Times	5.16	0.78	115.38
Gross Current Assets (Days)	Days	41	119	264

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

None

Any other information

None

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
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4

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About Acuité Ratings & Research:

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