



**Press Release**  
**NIINE PRIVATE LIMITED**  
**May 30, 2023**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	73.00	ACUITE BB   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	73.00	-	-

**Rating Rationale**

Acuite has assigned its long term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs.73.00 Cr bank facilities of NIINE PRIVATE LIMITED(NPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating assigned reflects the extensive experience of the management along with established track record of operations of more than 6 years in the same line of business. Further, the rating factors in the diversification of segment done by company by introducing diaper segment. In FY23, Q4, the company has shown an improvement which have been supported by decline in the raw material cost and constant promoter's support to lift the overall business performance. However, the above mentioned strengths are partly offset by working capital intensive nature of operations, moderate financial risk profile and susceptibility of profitability to fluctuations in input prices and operational expenses. Further, it also considers the impact in scale of operation in current fiscal year.

**About the Company**

Niine Private Limited (NPL; erstwhile M/s Shudh Plus Hygiene Products incorporated in 2016), incorporated on Aug 11, 2021, based in Gorakhpur (UP). The company is promoted by Mr. Amar Tulsyan. The company is engaged into manufacturing of feminine hygiene (Sanitary Napkins) and baby care (Baby Diapers) products. The manufacturing facility at Gorakhpur consists of 4 assembly lines of which 3 lines are dedicated towards feminine hygiene products.

**Analytical Approach**

Acuite has considered the standalone financial and business risk profile of NIINE PRIVATE LIMITED to arrive at this rating

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

NPL was incorporated in 2016 as Shudh Plus Hygiene Products and is converted to private limited company in 2021. The company is engaged in manufacturing of feminine hygiene (Sanitary Napkins) and baby care (Baby Diapers) products. It has an established operational track record of more than 6 years. It is promoted by Mr. Amar Tulsyan. The promoters are being supported by its team of experienced professionals in managing day to day operations of NPL. The extensive experience of the promoters has enabled NPL to establish a healthy relationship with its customers and suppliers. The company has achieved a turnover of Rs.295.52 Crores in FY22 against Rs.250.08 Crores in FY21. There is an increase in revenue on an

account of launch of diapers in FY22 which has contributed 33.5% in the revenue. However, margins on the particular product are comparatively less. Thus, the company has recorded an operational losses of Rs.(15.53) Cr in FY22 as against operating profit of Rs 19.14 Cr in FY21. The company has recorded losses in FY22 on an account of geopolitically instability, the prices of raw material had elevated globally during the previous years. But in FY23, the company has shown an improvement in the Q4 as the raw material prices went down which helped the company to lift the margins as compared to previous year along with change in business model from credit to cash, which will help the company to improve the liquidity in near future. In addition, significant promotional discounts were offered by the company due to launch of the diaper segment. However, NPL has achieved a revenue of Rs 184 Cr till February 2022 and is de-growth in revenue is expected in FY23 compared to FY22 and FY21. Acuité believes that NPL may continue to benefit from its experienced management and established track record of operations along with long standing relationship with customers and suppliers. However, stable growth in revenue and profitability remains key sensitivity.

## **Weaknesses**

### **Working capital intensive operations**

The working capital cycle of the company is intensive marked by GCA days of 227 days in FY22 as against 190 days in FY21. The GCA days are high on an account of debtor days which stood at 126 days in FY22 against 64 days in FY21. However, the debtors of the company have reduced by approximately Rs.60 crores on 31-12-2022. Further, the inventory days of the company stood at 77 days in FY22 against 93 days in FY21. On the other hand, the creditor days of the company has improved from 119 days in FY21 to 45 days in FY22. The efficient management of working capital with better receivable management remains key rating sensitivity.

### **Moderate financial Risk Profile**

The financial risk profile of the company stood moderate marked by moderate net-worth of Rs. 73.74 Crores in FY22 against Rs.81.93 Crores in FY21. The weakening in tangible net worth is mainly due to erosion of net worth due to losses during FY21-22. The debt profile of the company consists long term debt and short debt of Rs.173.18 Crores in FY22 against Rs.100.14 Crores in FY21. Further, capital structure of the company remained moderate. The interest coverage ratio of the company stood at (1.20) in FY22 against 3.99 times in FY21 along with debt service coverage ratio of the company stood at (0.26) in FY22 against 3.99 times in FY21. Further, the company has done capital expenditure in FY21 by purchasing machinery to facilitate the production of diaper section and one additional machinery for sanitary napkin to support business operations. Company has received subsidy from UP government of Rs.24 Crores in this month(February 2023) and has paid off Term loan of around Rs.21 Crores. Further, the debt equity ratio of the company stood at 2.35 times in FY22 against 1.22 times in FY21. The TOL/TNW ratio stood at 2.67 times in FY22 against 1.66 times in FY21. Acuite believes that financial risk profile of the company may improve going forward with early repayment of debt through subsidiaries and no major debt-funded capex plan.

### **Susceptible to profitability to changes in input prices**

The raw material procured by the company is fabric which is manufactured using cotton and polyethylene, the prices of which are fluctuating in nature on account of seasonality and low availability creates an imbalance in supply and demands. Thus, the company's margins are exposed to the high volatility in prices

## **Rating Sensitivities**

- Improvement in working capital operations.
- Stable growth in revenue and profitability

## **Material covenants**

None.

## **Liquidity Position**

## Stretched

The liquidity profile of the company is stretched. The net cash accruals of the company stood at (Rs.14.94 Crores) against the maturing debt obligation of Rs 13.30 Cr during the same tenure. However, the Unsecured loans of Rs.34.93 Crores infused to repay the debt obligations for the same period. Further, the debt repayment obligation of FY23 and FY24 will be repaid with the total amount of subsidy the company has received of Rs. 23.34 Crores. The average bank limit utilisation of the company stood moderate at 83% in last 6 months ending February 2023.

## Outlook: Stable

Acuité believes that NPL will maintain a 'Stable' outlook and will continue to derive benefit over the medium term due to its extensive experience of promoters. The outlook may be revised to 'Positive', if the company demonstrates substantial and sustained growth in its revenues and profitability from the current levels with improvement in working capital operations. Conversely, the outlook may be revised to 'Negative' if the company generates lower than anticipated cash accruals, most likely due to significant debt funded capex or further elongation in working capital cycle impacting its liquidity

## Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	295.52	250.08
PAT	Rs. Cr.	(21.90)	5.85
PAT Margin	(%)	(7.41)	2.34
Total Debt/Tangible Net Worth	Times	2.35	1.22
PBDIT/Interest	Times	(1.20)	3.99

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

NPL flagged as issuer non cooperating by Brickworks stated at BWR BB+/A4/Stable dated January 16, 2023.

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	33.00	ACUITE BB   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	18.80	ACUITE BB   Stable   Assigned
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	21.20	ACUITE BB   Stable   Assigned

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## About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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