



Press Release
NIINE PRIVATE LIMITED
September 25, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	27.00	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	46.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	27.00	-	-
Total Withdrawn Quantum (Rs. Cr)	46.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 27.00 Cr. bank facilities of Niine Private Limited (NPL). The outlook is '**Stable**'.

Further, Acuite has withdrawn its long-term rating on the bank loan facilities of Rs. 46.00 Cr. of Niine Private Limited (NPL) without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of the request received from the company and in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

Rationale for rating

The rating reaffirmed reflects that in Q4FY2024, the company has shown an improvement which have been supported by reducing the expenses, working capital operations and constant promoter's support to lift the overall business performance. However, the above mentioned strengths are partly offset by below average 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.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Niine Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

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 Tulsiyan. 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.

Working capital operations

The working capital operations of the company is moderate marked by GCA days of 95 days in FY24 (prov.) against 181 days in FY23. There is an improvement in the GCA days due to the inventory days of the company which stood at 22 days in FY24 (prov.) against 48 days in FY23, debtors days of the company stood at 42 days in FY24 (prov.) against 65 days in FY23. However, creditors days stood at 34 days in FY24 (prov.) against 27 days in FY23. In addition, the company has reviewed the performance of several channel partners to eliminate the non-performing distributors. The new distributor's on boarded were majorly on advance basis (50% advance) offering upfront cash and the balance on credit.

Weaknesses

Financial Risk Profile

The financial risk profile of the company is below average marked by adjusted net-worth of Rs. 25.46 Crore in FY24 (prov.) against Rs. -53.52 Crore in FY23. There is an improvement in net-worth because company concluded a bridge equity round of INR 8.5 Crore from HNIs in May 2023 and in January 2024, the company converted promoter loans into equity (principal + accrued interest) and the USL from directors/promoters of Rs. 19.43 Cr. in FY24 (prov.) is treated as quasi equity. In additional, in April 2024, the company raised INR 10 Crore funding from HNI investor at a pre-money valuation of INR 434 Crore. The total debt of the company stood at Rs. 41.27 Crore in FY24 (prov.) which consists of long term debt of Rs. 17.43 Crores, Short term debt of Rs. 19.55 Crore and CPLTD of Rs. 4.29 Crore. Further, the debt-equity ratio of the company stood at 1.62 times in FY24 (prov.) against -3.10 times in FY23. The interest coverage ratio of the company stood at -5.77 times in FY24 (prov.) against -5.26 times in FY23. The DSCR of the company stood at -2.26 times in FY24 (prov.) against -3.37 times in FY23 and TOL/TNW ratio stood at 3.63 times in FY24 (prov.) against -4.01 times in FY23.

Susceptible to profitability to changes in input prices

The raw material procured by the company is pulp of cotton and polyethylene for manufacturing of sanitary pads and baby diaper, 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

Liquidity Position

Poor

The liquidity profile of the company is poor. The net cash accruals of company stood negative at Rs. 45.08 Cr. in FY 24 (prov.) against the CPLTD of Rs. 10.32 Cr. The company has cash & bank position of Rs. 0.09 Cr. and current ratio stood at 0.81 times for FY 24 (prov.). Company has made Rs. 5.56 Cr investment in fixed deposits which is entirely unencumbered. The average fund based bank limit utilization is at 69.52% for the 9 months' period ending May 2024.

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 from the current level while becoming profitable while improving or sustaining the

working capital operations. Conversely, the outlook may be revised to 'Negative' if the company generates lower than anticipated revenue and incurring losses resulting into stretched liquidity position and higher dependence on debt.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	211.09	212.11
PAT	Rs. Cr.	(47.52)	(128.64)
PAT Margin	(%)	(22.51)	(60.65)
Total Debt/Tangible Net Worth	Times	1.62	(3.10)
PBDIT/Interest	Times	(5.77)	(5.26)

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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, Acuite 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Aug 2024	Term Loan	Long Term	12.00	ACUITE BB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	46.00	ACUITE BB Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BB Stable (Reaffirmed)
30 May 2023	Cash Credit	Long Term	33.00	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	21.20	ACUITE BB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	18.80	ACUITE BB Stable (Assigned)

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 avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	46.00	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2031	Simple	5.00	ACUITE BB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Sep 2026	Simple	12.00	ACUITE BB Stable Reaffirmed

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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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