



**Press Release**  
**P N WRITER AND COMPANY PRIVATE LIMITED**  
**February 20, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE B   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	15.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITÉ B**' (read as ACUITE B) on Rs. 15.00 Cr. bank facilities of P N Writer and Company Private Limited (PNWCPL). The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned reflects the below average financial risk profile of the company as marked by moderate net worth and below average debt protection metrics marked by the DSCR of 0.27 times as on March 31st, 2023. Further, the rating factors in the unfavourable revenue mix for the company as reflected by the higher share of income from the brand fee. The rating also considers the intensive working capital operations of the company due to higher other current assets consisting of loans given to group companies. However, the rating favourably factors in the established track record of the company over the last four decades along with established experienced of the management in the industry.

**About the Company**

P N Writer and Company Private Limited is a Mumbai based Writer Group company, which is engaged in diversified businesses such as relocation services, information and records management services, cash management services and hospitality. The company owns residential premises, offices and warehouses for which it collects rent. Current directors of the company are Mr. Denzil Desouza, Mr. Gavin Desouza and Mr. S R Iyer.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of P N Writer And Company Private Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Established track record with professional and experienced management**

Incorporated in 1987, PNWCPL is Writer group company, which is into business of renting ropery and collecting brand fee income from Writer Business Services. The group was established in 1957 and over the years the company has become as significant player in Realty, Relocation services, information Management and cash management services etc. The current management led by Mr. D Denzil Desouza has over four decades of experience in the business. The experience of the management is seen in the growing scale of operations for

the company, with revenue increasing to Rs.23.67 crores in FY23 as against Rs. 11.98 crores in FY22 and Rs.6.84 crores in FY22.

Acuite believes that PNWCPL shall continue to benefit from its established track record of

operations and experienced management in near to medium term.

## **Weaknesses**

### **Unfavourable Revenue Mix**

PNWCPL derives its revenue from the rental income of its residential and commercial properties and from the brand fees which it collects from group company - Writer Business Services (WBS). These brand fees are part of the business restructuring which was carried out in 2016 leading to separation of services business from PNWCPL to Writer Business Services. Around 60 to 65 percent of the revenue for the company comes from the brand fees, the revenue mix of the company remains highly unstable leading to uncertainties for future operating income for the company.

Acuite believes that with the unfavourable revenue mix, future revenue visibility of the company remains unclear and is a key rating sensitivity.

### **Below average Financial Risk Profile**

The financial risk profile of the company stood below average, marked by moderate net worth, low gearing, and below average debt protection metrics. The tangible net worth stood at Rs. 180.4 crores as on 31 March 2023 as against Rs. 175.54 crores as on 31 March 2022. The total debt of the company stood at Rs.44.99 crores which includes long-term debt of Rs.14.71 crores and interest-bearing unsecured loans of Rs.30.28 crores as on 31 March 2023. The gearing (debt-equity) stood at 0.25 time as on 31 March 2023 as compared to 0.28 times as on 31 March 2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 0.42 times as on 31 March, 2023 as against 0.43 times as on 31 March, 2022. Debt Service Coverage Ratio (DSCR) stood below unity at 0.27 times in FY2023 as against 0.56 times in FY2022. Interest Coverage Ratio stood at 2.52 times in FY2023 as against 1.27 times in FY2022. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.13 times for FY2023 as against 0.04 times for FY2022.

Acuite expects the financial risk of the company may continue to remain below average on account of low cash accruals to service its debt obligation.

### **Intensive working capital operations**

The working capital management of the company stood intensive marked by GCA days of 1230 days in FY23 as against 2187 days in FY22. This was on account high other current assets for the company which consist of loans and advances to subsidiary - Writer Lifestyle Private Limited.

Acuite believes the working capital operations of the company to remain intensive as along as loans and advances of the company remains high.

## **Rating Sensitivities**

- Improvement in revenue mix.
- Any increase in vacancy levels of the properties leading to loss in income for the company.
- Further deterioration in financial risk profile or working capital operations.

## **Liquidity Position**

### **Stretched**

The company's liquidity position is stretched, marked by insufficient net cash accruals against the maturing debt obligations. The company generated a cash of just Rs. 5.8 crores as against repayment obligations of Rs. 33.73 crores in FY23, which led to increase in interest bearing unsecured loan from promoter in FY23 through which debt repayments are serviced. Further the company is expected to generate Rs. 5.62-6.43 crores as against Rs.6.77-7.94 crore repayment in same tenor. The working capital management of the company is intensive marked by GCA days of 1230 days in FY2023 as against 2187 days in FY2022. The company maintains unencumbered cash and bank balances of Rs.2.78 crore as on March 31, 2023. The current ratio stands at 0.44 times as on March 31, 2023 as against 0.05 times as on 31 March, 2022.

Acuite believes the liquidity of the company to remain stretched as long as improvement is

seen in the cash accruals from the business.

### **Outlook: Stable**

Acuité believes the outlook on PNWCPL will continue to remain 'Stable' over the medium term backed by established track record of operations and strong management. The outlook may be revised to 'Positive' if the company is able to significantly improve its working capital operations and liquidity. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in the business of Writer Business Services leading to lower brand fees for the company.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	23.67	11.98
PAT	Rs. Cr.	4.86	1.01
PAT Margin	(%)	20.54	8.45
Total Debt/Tangible Net Worth	Times	0.25	0.28
PBDIT/Interest	Times	2.52	1.27

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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](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
Kotak Mahindra Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.41	ACUITE B   Stable   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 May 2027	Simple	8.59	ACUITE B   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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