



**Press Release**  
**MIRA J MULTI COLOUR PRIVATE LIMITED**  
**February 21, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	76.25	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	76.25	-	-

**Rating Rationale**

Acuite has assigned its long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.76.25 Crore bank facilities of Miraj Multi Colour Private Limited (MMCPL). The Outlook is '**Stable**'.

**Rationale for Rating**

The rating assigned takes into account the experience of the promoters and their established track record of operations for more than two decades in packaging and stationery industry. Further, the rating also factors in the moderate financial risk profile of the company marked by low gearing and comfortable debt protection metrics. The gearing of the company stood at 0.94 times as on March 31, 2023 as compared to 1.67 as on March 31, 2022. However, these strengths are partly offset by the working capital intensity in company's operations and susceptibility to fluctuations in the raw material prices. Further, the reliance on bank borrowing is high with an average utilization of 90.70% for last twelve months ended December 2023.

**About the Company**

Udaipur-based (Rajasthan) Miraj Multi Colour Private Limited (MMPL) was originally incorporated in the name of Himalaya Offset Printers Private Limited in February 1995. Subsequently, its name was changed to Mahima Multi Colour Private Limited in 2002. Further, its name was changed to present name, Miraj Multi Colour Private Limited in 2010. Miraj Multi Colour Private Limited is engaged in the business of manufacturing and selling paper-based school as well as office stationery and offset printing job work. The company also manufactures duplex boxes for packaging. Both the manufacturing unit and the corporate office are in Udaipur (Rajasthan). The Current Director of Company is Mr. Krishna Gopal Sharma and Mr. Manoj Mathur.

**Unsupported Rating**

Not applicable.

**Analytical Approach**

Acuite has considered the standalone financial and business risk profile of Miraj Multi Colour Private Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

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

It is Udaipur-based (Rajasthan) Miraj Multi Colour Private Limited (MMPL) was originally incorporated in February 1995. The Current Director of Company is Mr. Krishna Gopal Sharma

and Mr. Manoj Mathur, who possess more than two decades of experience in the packaging and stationery industry. The company has a long established track record of more than two

decades which helped them to establish a long standing relationship with reputed clients such as Amul, Dixcy, Creambell, Vadilal, Britannia etc. and established their presence in overseas market FY23 onwards. The top management is ably supported by well experienced technical team.

Acuite believes that MMCPL shall continue to benefit from its established track record of operations along with longstanding relationship with reputed clientele.

### **Moderate Financial Risk Profile**

The financial risk profile of the company is moderate marked by moderate net worth, gearing and comfortable debt protection metrics. The total net-worth of the company stood at Rs.46.81 Crore as on 31st March 2023 against Rs.28.64 Crore as on 31<sup>st</sup> March, 2022. The increase in the net-worth is due to profits incurred which accumulated in the reserves and treatment of unsecured loans as quasi equity.

Further, the total debt of the company stood at Rs.44.07 Crore as on 31st March 2023 against Rs.47.97 crore as on 31st March 2022. The total debt of the company comprises long term debt of Rs.18.68 crore, Short term debt of Rs.21.57 Crore and current maturities of Rs.3.82 crore as on 31st March 2023. Also, the gearing ratio of the company stood moderate at 0.94 times as on 31st March 2023 against 1.67 times as on 31st March 2022. However, the gearing of the company is expected to be slightly deteriorate going forward on an account of addition of the long term debt and higher utilization of short term borrowings due to capital expenditure of corrugated boxes worth Rs.32.87 Crore out of which Rs.22.65 Crore is funded through debt and rest is funded through infusion of capital and internal accruals. Further, the debt protection metrics of the company is comfortable, interest coverage ratio and debt service coverage ratio of the company stood at 3.23 times and 1.97 times respectively as on 31st March 2023 against 2.63 times and 1.36 times respectively as on 31st March 2022. The TOL/TNW ratio of the company stood at 1.70 times as on 31st March 2023 against 2.70 times as on 31st March 2022.

Acuite believes that financial risk profile of the company may deteriorate slightly due to debt funded capex plan of which completion is expected in March 2024 or April 2024.

### **Improvement in the Operational Profile**

The company have achieved the turnover of Rs.140.34 Crore in FY23 against Rs.108.27 crore in FY22 and Rs.73.03 Crore. In FY23, the turnover of the company improved on an account of increase in the sales quantity and realizations on the back of a significant increase in the paper prices. The margins of the company stood at 9.41% in FY23 against 9.41% in FY22 and 6.52% in FY21, margins of the MMCPL improved on y-o-y basis owing to proportionate decrease in administrative costs and other manufacturing costs and a rise in the top-line of the company. Also, the PAT margins of the company stood at 2.35% in FY23 against 0.51% in FY22. During 9 Months FY24, MMCPL achieved revenue of Rs.116.19 Crore as compared to Rs.105.88 Crore in 9 months FY23. The EBITDA margins of the company stood at 8.84% in 9MFY24 against 9.70% in 9MFY23 due to inventory losses on the back of decline in paper prices in that period. However, given the current moderation in paper prices, the company anticipates future improvement in its margins.

### **Weaknesses**

#### **Working Capital intensive operations**

The working capital operations of the company is intensive marked by high GCA days which stood at 202 days in FY23 against 216 days in FY22. The inventory and debtor days of the company stood at 104 days and 113 days respectively as on 31<sup>st</sup> March 2023 against 120 days and 107 days respectively as on 31<sup>st</sup> March 2022. The inventory holding period of the MMCPL is elongated on an account of order received. Furthermore, because numerous varieties of monocartons are manufactured, the company keeps a range of inventory in varying sizes, thicknesses, and shapes. Further, because of the nature of the industry, the company's debtor days are also prolonged. On the other hand, the creditor days of the company stood at 116 days as on 31<sup>st</sup> March 2023 against 124 days as on 31<sup>st</sup> March 2022.

Acuite believes that working capital operations of the company may continue to remain intensive in near to medium term considering the nature of business.

## **Operations in a highly competitive industry & susceptibility of margins to fluctuations in raw material prices**

The Company is operating in highly competitive and fragmented industry. It is exposed to intense competition from several players operating in the industry. On account of competitive pressures, players face challenges in passing on increased costs to end users. The rise in the prices of duplex paper over that of waste paper is expected to be gradual, rendering the profitability susceptible to volatility in the price of paper. Furthermore, any abrupt change in raw material prices due to supply-demand scenario can lead to distortion of prices and affect the profitability of the company.

### **Rating Sensitivities**

- Increase in the scale of operations while maintaining its profitability.
- Any elongation of the working capital cycle leading to stretch in liquidity.

### **Liquidity Position Adequate**

The liquidity profile of the company is adequate; the company has generated net cash accruals of Rs.9.50 Crore as on 31<sup>st</sup> March 2023 against the debt repayment obligations of Rs.2.72 Crore in the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.10-12 Crore against the debt repayment obligation under the range of Rs.8 Crore to Rs.9 Crore. The current ratio of the company stood at 1.26 times as on 31<sup>st</sup> March 2023 against 1.30 times as on 31<sup>st</sup> March 2022. The unencumbered cash and bank balance of the company stood at Rs.0.05 Crore as on 31<sup>st</sup> March 2023 against Rs.0.06 Crore as on 31<sup>st</sup> March 2022. The average bank limit utilization of the company stood at 90.58% in last twelve months ending December 2023.

### **Outlook: Stable**

Acuité believes that MMCPL will maintain a 'Stable' outlook over the medium term owing to its experienced management, its long track record of operations and its healthy financial risk profile. The outlook may be revised to 'Positive' if the company demonstrates substantial and sustained growth in its revenues from the current levels while maintaining its margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues and profitability or deterioration in its working capital management or larger-than-expected debt funded capex leading to deterioration in its financial risk profile particularly its liquidity.

### **Other Factors affecting Rating**

None.

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	140.34	108.27
PAT	Rs. Cr.	3.30	0.55
PAT Margin	(%)	2.35	0.51
Total Debt/Tangible Net Worth	Times	0.94	1.67
PBDIT/Interest	Times	3.23	2.63

### 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>
- 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, 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
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE BBB-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	22 Jul 2020	Not avl. / Not appl.	01 Jun 2024	Simple	0.37	ACUITE BBB-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	16 Dec 2021	Not avl. / Not appl.	01 Dec 2026	Simple	5.75	ACUITE BBB-   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.25	ACUITE BBB-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	02 Sep 2022	Not avl. / Not appl.	01 Mar 2029	Simple	6.64	ACUITE BBB-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	30 Apr 2020	Not avl. / Not appl.	01 Feb 2028	Simple	7.59	ACUITE BBB-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	31 Aug 2023	Not avl. / Not appl.	01 Jun 2031	Simple	22.65	ACUITE BBB-   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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