



Press Release
MIRAJ MULTI COLOUR PRIVATE LIMITED
May 20, 2025
Rating Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|-----------------------------------|-------------------|
| Bank Loan Ratings | 76.25 | ACUITE BBB- Stable Reaffirmed | - |
| Total Outstanding Quantum (Rs. Cr) | 76.25 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed 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 reaffirmation in rating takes into account the established track record of operations and experienced management of more than two decades in the packaging industry. Further, the rating takes into consideration the steady scale of operations albeit decline in revenues and profitability in FY2025 due to subdued market demand, slowdown in operations due to the rectification in the machineries related to additional manufacturing line of corrugated boxes and intense competition from other manufacturers. Additionally, the financial risk profile of the company remained moderate marked by gearing below unity and comfortable coverage indicators. The liquidity position of the company is adequate marked by sufficient net cash accruals against the debt repayment obligations, moderate current ratio and bank limit utilisation. However, the above mentioned strengths are partly off-set by moderately intensive working capital nature of operations and presence in a fragmented industry characterized by intense competition and vulnerability in the margins due to fluctuations in the raw material prices.

About the Company

Udaipur-based (Rajasthan) and incorporated in 1995 Miraj Multi Colour Private Limited (MMCPL) 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. MMCPL 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 monocarton and corrugated boxes for packaging. Both the manufacturing unit and the corporate office are in Udaipur (Rajasthan). The Current Directors of company are Mr. Krishna Gopal Sharma and Mr. Rakesh Mali.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The Directors of company possess more than two decades of experience in the packaging and stationery industry. The company has a long established track record which helped them to establish a long standing relationship with reputed clients such as Amul, Dixcy, Creambell, Vadilal, Britannia etc. 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 the net worth of Rs.74.80 Crore in FY2024 and Rs.46.82 crore in FY2023. The increase in the net-worth is on an account of accretion of profits into reserves and treatment of unsecured loans treated as quasi equity. Further, the total debt of the company stood at Rs.49.78 Crore as on 31st March 2024 as against Rs.44.07 Crore as on 31st March 2023. The capital structure of the company is marked by gearing ratio which stood at 0.67 times as on 31st March 2024 as against 0.94 times as on 31st March 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at 2.68 times and 1.60 times respectively as on 31st March 2024 as against 3.23 times and 1.97 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 1.21 times as on 31st March 2024 as against 1.70 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 3.31times as on 31st March 2024 as against 3.20 times as on 31st March 2023. Acuité expects that going forward the financial risk profile of the company will remain moderate in near to medium term.

Steady scale of operations albeit slight decline in revenue and profitability

The company has achieved turnover of Rs.153.16 Crore in FY2024 against Rs.140.34 crore in FY2023. This increase is contributed by increase in the price realizations on the back of a significant increase in the paper prices. However, there has been decline in revenue from operations in FY2025, estimated at Rs.121.46 Crore owing to subdued market demand, slowdown in operations due to the rectification in the machineries related to additional manufacturing line of corrugated boxes and decrease in the price realization during the period. Moreover, the company faces intense competition from other manufacturers which further affected the sales of the company. The EBITDA margin of the company stood at 9.66% in FY2024 as against 9.41% in FY2023. Further, the PAT margin stood at 1.14% in FY2024 against 2.35% in FY2023 on an account of high depreciation and finance costs. Going forward, the company is expected to generate better top-line on the back of expected improvement in market demand along with increase in orders expected from the addition of new product manufacturing line of corrugated boxes.

Weaknesses

Intensive Working Capital operations

The working capital operations of the company are intensive marked by GCA days of 197 days as on 31st March 2024 as compared to 202 days as on 31st March 2023. The inventory days of the company stood at 86 days as on 31st March 2024 as compared to 104 days as on 31st March 2023. The inventory holding period is elongated as the company maintains a variety of inventory of various sizes, thickness and shapes owing to different types of monocartons and corrugated boxes being manufactured as in when required for order execution. Further, the debtor days stood at 122 days as on 31st March 2024 as compared to 113 days as on 31st March 2023. On the other hand, the creditor days stood at 119 days as on 31st March 2024 as compared to 116 days in the previous year. Further, working capital limits stood at an average of 62.62% for the last twelve months ended February 2025. Acuité believes that the working capital operations are likely to remain intensive in near to medium term on an account of 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

- Sustenance of the profitability margins while scaling up of operations.
- Working capital cycle.

Liquidity Position

Adequate

The liquidity profile of the company is adequate with net cash accruals of Rs.9.44 Cr. as on 31st March 2024 against the debt repayment obligation of Rs.3.82 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.7.50 Crore to Rs.13.50 Crore against the debt repayment obligations up to Rs.7.46 Crore over the same period. The working capital limits stood at an average of 62.62% for the last twelve months ended February 2025. The current ratio of the company stood at 1.32 times as on 31st March 2024 as against 1.26 times as on 31st March 2023. Further, the cash and bank balance available with the company stood at Rs.0.03 Crore as on 31st March 2024. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 153.16 | 140.34 |
| PAT | Rs. Cr. | 1.75 | 3.30 |
| PAT Margin | (%) | 1.14 | 2.35 |
| Total Debt/Tangible Net Worth | Times | 0.67 | 0.94 |
| PBDIT/Interest | Times | 2.68 | 3.23 |

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

Provisions of Chapter IV, Regulations 15 to 27 of SEBI (LODR) Regulations, 2015 apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt of Rupees Five Hundred Crore and above.

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 |
|-------------|----------------------------------|-----------|-----------------|---------------------------------|
| 21 Feb 2024 | Cash Credit | Long Term | 30.00 | ACUITE BBB- Stable (Assigned) |
| | Term Loan | Long Term | 6.64 | ACUITE BBB- Stable (Assigned) |
| | Term Loan | Long Term | 7.59 | ACUITE BBB- Stable (Assigned) |
| | Term Loan | Long Term | 22.65 | ACUITE BBB- Stable (Assigned) |
| | Proposed Long Term Bank Facility | Long Term | 3.25 | ACUITE BBB- Stable (Assigned) |
| | Covid Emergency Line. | Long Term | 0.37 | ACUITE BBB- Stable (Assigned) |
| | Covid Emergency Line. | Long Term | 5.75 | ACUITE BBB- Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------------|----------------------|----------------------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|-----------------------------------|
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 27.75 | Simple | ACUITE BBB- Stable Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Covid Emergency Line. | 16 Dec 2021 | Not avl. / Not appl. | 01 Nov 2026 | 3.19 | Simple | ACUITE BBB- 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. | 20.96 | Simple | ACUITE BBB- Stable Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Term Loan | 02 Sep 2022 | Not avl. / Not appl. | 01 Nov 2025 | 4.91 | Simple | ACUITE BBB- Stable Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Term Loan | 30 Apr 2020 | Not avl. / Not appl. | 01 Jun 2030 | 4.98 | Simple | ACUITE BBB- Stable Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Term Loan | 31 Aug 2023 | Not avl. / Not appl. | 01 Jun 2031 | 14.46 | Simple | ACUITE BBB- 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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