



SMERA RATINGS LIMITED

# Man Cott Private Limited (MCPL)

*Rating  
Rationale*

**March 03, 2014**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	20.00	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.20.00 crore bank facilities of Man Cott Private Limited (MCPL). The outlook is 'Stable'. The rating is constrained by the company's low profitability amidst intense competition prevalent in the cotton ginning industry. The rating is also constrained by the susceptibility of the company's profit margins to volatility in raw material prices. However, the rating is supported by the company's healthy revenue growth, location-specific advantage and experienced management.

MCPL, incorporated in 2003, is a Beed based company engaged in the business of cotton ginning and pressing. MCPL's net profit margin is low at 0.74 per cent in FY2012-13 (refers to financial year, April 01 to March 31). Moreover, the company's net profit (of Rs.0.91 crore in FY2012-13) is largely supported by non-operating income of Rs.0.53crore. MCPL faces intense competition from several players in the cotton ginning industry. The company's profit margins are susceptible to volatility in prices of raw cotton.

MCPL's revenues increased at a healthy compound annual growth rate (CAGR) of 73 per cent during FY2008-09 to FY2012-13. The company's factory unit (located in Majalgaon, Maharashtra) is in proximity to raw material sourcing area. MCPL benefits from its experienced management, Mr. Bhupendra Singh Rajpal and Mr. Rajendra Singh Rajpal, directors of MCPL, have around 30 years of experience in the cotton ginning industry.

## **Outlook: Stable**

SMERA believes that MCPL will continue to benefit over the medium term from its long track record of operations and experienced management. The outlook may be revised to 'Positive' in case the company achieves significant growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues, or in case of deterioration in the company's profit margins. The outlook may also be adversely affected by unfavourable changes in government policies applicable to the company's business.

## **About the company**

MCPL, incorporated in 2003, is a Beed based company promoted by Mr. Bhupendra Singh Rajpal and Mr. Rajendra Singh Rajpal. MCPL is a part of the Manjeet Group, which comprises nine entities engaged in the cotton trading and ginning business. MCPL has one factory unit in Majalgaon, Maharashtra, with an installed capacity of 290 bales per day. MCPL also outsources ginning and

***Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*



SMERA RATINGS LIMITED

## Man Cott Private Limited (MCPL)

*Rating  
Rationale*

pressing operations to NCC CJ Cotton Private Limited (NCCPL) on job work basis during peak season. NCCPL has an installed capacity of 180 bales per day.

For FY2012–13, MCPL reported PAT of Rs.0.91 crore on operating income of Rs.122.89 crore, as compared with PAT of Rs.0.01 crore on operating income of Rs.92.33 crore for FY2011–12. The company registered revenues of Rs.131.59 crore during April 2013 to January 2014. MCPL's net worth stood at Rs.8.32 crore as on March 31, 2013, as compared with Rs.7.41 crore a year earlier.

### Contact List:

Media/ Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal, VP, SME – Sales Tel : 91-22-267141177 Cell : +91 9930074009 Email: <a href="mailto:virendra.goyal@smera.in">virendra.goyal@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Umesh Nihalani Head, Corporate Ratings Tel: +91-22-6714 1106 Email: <a href="mailto:umesh.nihalani@smera.in">umesh.nihalani@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.