

Press Release

Mahadev Yarns Private Limited

January 09, 2020

Ratings

| Instrument / Facility | Amount (Rs. Crore) | Ratings | Rating Action |
|--|--|--|--|
| Long Term Fund based facilities- Term Loan | 4.14 | IVR B+/Stable; ISSUER NOT COOPERATING* (IVR Single B Plus with Stable outlook; Issuer Not Cooperating) | Rating revised from IVR BB-(IVR Double B Minus) with Stable Outlook and moved to ISSUER NOT COOPERATING Category |
| Long Term Fund based facilities- Cash credit | 11.36 (including proposed limit of Rs.0.36 crore) | IVR B+/Stable; ISSUER NOT COOPERATING* (IVR Single B Plus with Stable outlook; Issuer Not Cooperating) | Rating revised from IVR BB-(IVR Double B Minus) with Stable Outlook and moved to ISSUER NOT COOPERATING Category |
| Short Term Bank Facilities – Bank Guarantee | 0.50 | IVR A4; ISSUER NOT COOPERATING* (IVR A Four; Issuer Not Cooperating) | Rating moved to ISSUER NOT COOPERATING Category |
| Total | 16.00 | | |

**Issuer did not cooperate; based on best available information*

Details of Facility are in Annexure 1

Detailed Rationale

The rating downgrade is because of lack of adequate information regarding Mahadev Yarns Private Limited (MYPL)'s performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated September 16, 2019, November 01, 2019, November 25, 2019 and December 18, 2019 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details and fees for the surveillance exercise.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on

the best available information. Accordingly, the long- term ratings for the bank loan facilities aggregating to Rs.15.50 crore shall be moved to the ‘ISSUER NOT COOPERATING’ category by Infomerics and the rating be noted as IVR B+/Stable: Issuer Not Co-operating; Based on best available information. (IVR Single B plus/Stable: Issuer Not Co-operating; Based on best available information) and short-term ratings for the bank facilities aggregating to Rs.0.50 crore of Mahadev Yarns Private Limited shall be moved to the ‘ISSUER NOT COOPERATING’ category by Infomerics and the rating be noted as IVR A4: Issuer Not Co-operating; Based on best available information. (IVR A Four: Issuer Not Co-operating; Based on best available information).

Accordingly, the lenders, investors and other users of this ratings are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Mahadev Yarns Private Limited (MYPL) incorporated in 1991 was promoted by Mr. Ram Kishan Mundhra and Ms Pushpa Devi Mundhra. The company is engaged in the manufacturing of different types of polyester yarns.

Financials (Standalone)

| For the year ended* / As On | (Rs. crore) | |
|-----------------------------|--------------------|-------------------|
| | 31-03-2018 | 31-03-2019 |
| | Audited | Audited |
| Total Operating Income | 54.96 | 73.94 |
| EBITDA | 3.35 | 2.44 |
| PAT | 0.39 | 0.32 |
| Total Debt # | 15.59 | 12.27 |
| Tangible Net worth | 7.99 | 8.06 |
| EBITDA Margin (%) | 6.10 | 3.29 |
| PAT Margin (%) | 0.70 | 0.43 |
| Overall Gearing Ratio (x) | 1.95 | 1.52 |

**Classification as per Infomerics’ standards*

The unsecured loans of Rs.8.45 crore as on March 31, 2018 and Rs.10.99 crore as on March 31, 2019 are subordinated to the term loan and hence, it has not been considered as a part of debt and the debt ratios have been calculated accordingly.

Status of non-cooperation with previous CRA:

Acuite Ratings has moved the rating of MYPL into the Issuer Non-Cooperating category as the company did not co-operate in the rating procedure despite repeated follow ups as per the Press Release dated December 27, 2018.

Any other information: Nil

Rating History for last three years:

| S. No. | Name of Instrument/Facilities | Current Rating (Year 2019-20) | | | Rating History for the past 3 years | | |
|--------|--|-------------------------------|---|--|--|---|---|
| | | Type | Amount outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-19 | Date(s) & Rating(s) assigned in 2017-18 | Date(s) & Rating(s) assigned in 2016-17 |
| 1. | Long Term Fund based facilities- Term Loan | Long Term | 4.14 | IVR B+/Stable Outlook (IVR Single B Plus with Stable Outlook) ISSUER NOT COOPERATING | IVR BB-/Stable Outlook (IVR Double B minus with Stable Outlook) (October 24, 2018) | -- | -- |
| 2. | Long Term Fund based facilities- Cash credit | Long Term | 11.36 (including proposed limit of Rs.0.36 crore) | IVR B+/Stable Outlook (IVR Single B plus with Stable Outlook) ISSUER NOT COOPERATING | IVR BB-/Stable Outlook (IVR Double B minus with Stable Outlook) (October 24, 2018) | -- | -- |
| 3. | Short Term Bank Facilities- Bank Guarantee | Short Term | 0.50 | IVR A4 (IVR A Four) ISSUER NOT COOPERATING | IVR A4 (IVR A Four) (October 24, 2018) | -- | -- |

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|------------------|------------------|---------------|--|--|
| Long Term Fund based facilities- Term Loan | - | 11-12% | March, 2022 | 4.14 | IVR B+/Stable Outlook ISSUER NOT COOPERATING* |
| Long Term Fund based facilities – Cash credit | - | - | - | 11.36 (including proposed limit of Rs.0.36 crore) | IVR B+/Stable Outlook ISSUER NOT COOPERATING* |
| Short Term bank facilities – Bank Guarantee | - | - | - | 0.50 | IVR A4 ISSUER NOT COOPERATING |

**Issuer did not cooperate; based on best available information*