



## Press Release

### Magnum Clothing Private Limited

January 10, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	2.95	IVR BB/Stable (IVR Double B with Stable Outlook)	IVR BB/Stable (IVR Double B with Stable Outlook)	Reaffirmed	<a href="#">Simple</a>
Short Term Bank Facilities	39.75	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Reaffirmed	<a href="#">Simple</a>
<b>Total</b>	<b>42.70</b>	<b>(Rupees Forty-Two Crore and Seventy Lakh Only)</b>			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BB with stable outlook and short-term facilities to IVR A4 of Magnum Clothing Private Limited (MCPL).

The rating reaffirmation is on account of moderate scale of operations and experienced management along with long track record of operations. However, these rating strengths are partially offset by susceptibility to fluctuations in input prices and Intense competition prevalent in the textile industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics believes that MCPL will continue to benefit from its experienced promoters and will be supported by a healthy order book status.

IVR has principally relied on the standalone audited financial results of MCPL upto 31 March 2024 (refers to period April 1<sup>st</sup>, 2023, to March 31<sup>st</sup>, 2024) and projected financials for FY25, (refers to period April 1<sup>st</sup>, 2024, to March 31<sup>st</sup>, 2025) FY26 (refers to period April 1<sup>st</sup>, 2025, to March 31<sup>st</sup>, 2026) and FY27 (refers to period April 1<sup>st</sup>, 2026, to March 31<sup>st</sup>, 2027), and publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

##### Upward Factors



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- Sustained growth in scale of business and improvement in profit margins leading to improvement in cash accruals and liquidity position.
- Sustained improvement in the capital structure with improvement in debt protection metrics.

### **Downward Factors**

- Significant decline in operating income and/or profitability impacting the debt coverage indicators.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Moderate scale of operations**

The company's Total Operating Income moderated by 8.29% to Rs. 222.80 crore in FY24 (Audited) as against Rs. 242.93 crore in FY23 due to decrease in export sales. The EBITDA moderated to Rs.7.75 Crore in FY24 as against Rs. 8.18 Crore in FY23. The PAT of the company also moderated from Rs. 2.49 Crore in FY23 to Rs. 0.97 Crore in FY24. The GCA deteriorated to Rs. 3.49 Crore in FY24 from Rs. 4.53 Crore in FY23 on account of decrease in profitability. Although decrease in scale of operations, the EBITDA margin improved marginally by 11 bps from 3.37% in FY23 to 3.48% FY24 due to decrease in raw material consumption cost. Further, PAT margin deteriorated by 59 bps from 1.02% in FY23 to 0.44% in FY24 on account of increase in interest expenses.

- **Experienced management and long track record of operations**

The promoter possesses around four decades of experience in the textile industry. The company is engaged in manufacture and export of ladies and children's readymade garments such as suits, shirts, t-shirt, night wear etc. aided by their long-standing experience, the company has established a large and diversified customer base and receive repeat orders indicating high quality products delivered on time.



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### B. Key Rating Weaknesses

- **Susceptibility to fluctuations in input prices**

The major raw materials are fabrics, finished materials. Acquiring and storing of adequate amount of inventory plays a very important role in Textile industry. Cotton, wool, silk, jute fabric are agro based, their prices are volatile in nature which may lead to fluctuation in revenue and profitability.

- **Intense competition prevalent in the textile industry**

The company is exposed to intense competition prevalent in the highly fragmented Indian textile and garment export industry and faces stiff competition from both organised and unorganised players

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

### **Liquidity – Adequate**

Magnum Clothing Pvt Ltd has earned a gross cash accrual of Rs. 3.49 crore in FY24. Further the company is expected to earn a gross cash accrual in the range of ~Rs. 3.83 to 5.29 crore as against its debt repayment obligations in the range of ~Rs.2.71 to 1.28 crore per year during FY25-27. Further, cash credit utilisation of the company remained high at ~93% during the past 12 months ended October 2024 indicating a low liquidity cushion. The current ratio and quick ratio of the company stood at 1.17x and 0.67x respectively as on March 31, 2024, compared to 1.48x and 0.92x respectively as on March 31, 2023. The operating cycle of the company stood at 91 days as on March 31, 2024, against 77 days as on March 31, 2023. The unencumbered cash and bank balance as on March 31, 2024, stood at Rs 4.59 crore.



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### About the Company

Magnum Clothing Private Limited was incorporated in 1986 and commenced Business in 1987. Magnum Clothing Private Limited is involved in manufacturing and exporting readymade garments for women and children. The company is engaged in manufacture and export of ladies and children's readymade garments such as suits, shirts, t-shirt, night wear, etc. Aided by their long-standing experience, the company has established a large and diversified customer base.

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	242.93	222.80
EBITDA	8.18	7.75
PAT	2.49	0.97
Total Debt	51.87	52.48
Tangible Net Worth	16.57	17.65
EBITDA Margin (%)	3.37	3.48
PAT Margin (%)	1.02	0.44
Overall Gearing Ratio (x)	3.13	2.97
Interest Coverage (x)	2.55	1.72

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not applicable

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					November 14, 2023	August 24, 2022	June 04, 2021
1.	Fund Based Limits	Long Term	2.95	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable
2.	Fund Based Limits	Short Term	39.75	IVR A4	IVR A4	IVR A4	IVR A4



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**About Infomerics:**

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Aug 2025	0.17	IVR BB/Stable
Term Loan	-	-	-	July 2027	0.31	IVR BB/Stable
Term Loan	-	-	-	Sept 2030	0.99	IVR BB/Stable
Term Loan	-	-	-	June 2028	1.48	IVR BB/Stable
Post/Pre-Shipment Credit	-	-	-	-	39.75	IVR A4

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Magnum-Clothing-jan25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**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](http://www.infomerics.com).