

Rating Advisory

April 05, 2018 | Mumbai

Mullas Wedding Centre

Advisory as on April 05, 2018

This rating advisory is provided in relation to the rating of Mullas Wedding Centre

The key rating sensitivity factors for the rating include:

- Working capital management
- Debt-funded capital expenditure (capex) programme and its funding mix

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Mullas Wedding Centre (MWC) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If MWC continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About the Company

Set up as a proprietorship firm by Mr M V Thomas in 2013, MWC operates a retail textile showroom in Mannarkkad, Kerala.

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Rating Rationale

February 27, 2017 | Mumbai

Mullas Wedding Centre

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.8 Crore
Long Term Rating	CRISIL B/Stable (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL's rating on the long-term bank facilities of Mullas Wedding Centre (MWC) continues to reflect modest scale of operations in the intensely competitive and highly fragmented apparel retail industry, large investments made in its associate entity, its and average debt protection metrics. These weaknesses are partially offset by the proprietor's extensive experience and healthy net-worth.

Key Rating Drivers & Detailed Description

Weaknesses

*** Modest scale of operations amid intense competition:** Business risk profile remains constrained by modest scale of operations reflected by revenue of Rs. 12.7 crore for fiscal 2016. MWC is expected to book revenues of Rs. 15 crs for fiscal 2017 supported by sales of Rs. 12 crs till January 2017.

The low entry barriers have led to a highly fragmented industry structure, with intense competition among players. The modest scale of operations, which restricts the derivation of benefits of economies of scale, should constrain business risk profile over the medium term as well.

*** Weak debt protection metrics:** The debt protection metrics were weak, with interest coverage ratio of 1.6 times and net cash accrual to total debt of 0.04 time in fiscal 2016.

*** Large investment in associate entity:** MWC has extended fund support to the extent of Rs.14.38 crores as of March 31, 2016 to its group company Mother Care & Health Centre.

Strengths

*** Extensive experience of proprietor:** The proprietor, Mr M V Thomas has over 2 decades of experience in the textile industry and was involved in wholesale trading prior setting up of MWC. Benefits from the proprietor's experience should support business risk profile.

*** Healthy Net-worth:** MWC has healthy net worth of Rs. 17.33 crs. as on March 31, 2016.

Outlook: Stable

CRISIL believes MWC will continue to benefit from the proprietor's extensive experience. The outlook may be revised to 'Positive' if the revenues and profitability improves significantly improving its cash accruals. The outlook may be revised to 'Negative' if liquidity weakens because of decline in sales or profitability or large, debt-funded capital expenditure weakens financial risk profile.

About the Company

Set up as a proprietorship firm by Mr M V Thomas in 2013, MWC operates a retail textile showroom in Mannarkkad, Kerala.

MWC had a book profit of Rs 0.10 crore on sales of Rs. 12.6 crore in fiscal 2016, against loss of Rs 0.31 crore on sales of Rs. 11.58 crore, in fiscal 2015.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating with
NA	Long Term Loan	NA	NA	Mar-2021	5	CRISIL
NA	Overdraft	NA	NA	NA	3	CRISIL

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014	
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based Bank Facilities	LT/ST	8	CRISIL B/Stable		No Rating Change		No Rating Change	30-12-15	CRISIL B/Stable		--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Long Term Loan	5	CRISIL B/Stable	Long Term Loan	5	CRISIL B/Stable
Overdraft	3	CRISIL B/Stable	Overdraft	3	CRISIL B/Stable
Total	8	--	Total	8	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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