



To,
National Stock Exchange India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex – Bandra (E)
Mumbai – 400 051

14th November, 2018
Symbol: MCL

Dear Sir,

Sub: Intimation with regard to Credit Rating pursuant to Regulation 30 of SEBI(Listing Obligation and Disclosure Requirements) Regulation, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, we wish to inform you that CRISIL has reaffirmed the Long term Credit Rating to **CRISIL BB+/Stable**.

The aforesaid information is also available on the website of the Company on www.madhavcopper.com as well as the same is available on CRISIL's website at <https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/Madhav Copper Limited November 14 2018 RR.html>

This is for your information and record.

Thanking You

Yours faithfully,
For, Madhav Copper Limited



(Signature)
(Nilesh N. Patel)
Chairman & Whole Time Director
(DIN: 05319890)

Ratings

Rating Rationale

November 14, 2018 | Mumbai

Madhav Copper Limited

Rated amount enhanced

Rating Action

Total Bank Loan Facilities Rated	Rs.14.5 Crore (Enhanced from Rs.9.5 Crore)
Long Term Rating	CRISIL BB+/Stable (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL rating on the bank facilities of Madhav Copper Limited's (MCL) continues to reflect the extensive experience of promoters, and significant ramp-up in operations and moderate financial profile though modest net worth. These strengths are partially offset by modest operating margin, and vulnerability to fluctuation in raw material prices.

CRISIL had upgraded its rating on the long-term bank facility of MCL to 'CRISIL BB+/Stable' from 'CRISIL BB/Stable' through its release dated June 27, 2018.

The upgrade reflected the improved business profile, aided by growth in revenue and cash accrual. Turnover more than doubled to Rs 169 crore in fiscal 2018, from Rs 71 crore in fiscal 2017, as a result of which cash accrual rose to Rs 3 crore from Rs 1.3 crore, owing to improved capacity utilisation and reach of distributors. Incremental working capital requirement has been managed well, ensuring limited pressure on liquidity. Improvement in capital structure and debt protection metrics has also strengthened the financial risk profile, which will be aided by healthy cash accrual and absence of any large capex plans.

Key Rating Drivers & Detailed Description

Strengths

* **Significant growth in revenue:** Turnover rose to Rs 169 crore in fiscal 2018, from Rs 71 crore in fiscal 2017, and led to cash accrual of Rs 3 crore (vis-à-vis Rs 1.3 crore), aided by better capacity utilisation and improved reach of distributors.

* **Moderate financial risk profile:** Financial risk profile is marked by gearing of less than 1 time as on March 31, 2018, and comfortable debt protection metrics, with interest coverage and net cash accrual to total debt ratios of 5.1 times and 0.42 time, respectively, for fiscal 2018.

Weaknesses

* **Modest networth:** Networth of Rs 7.04 crore as on March 31, 2018, limits the financial flexibility to raise additional debt, or the ability to withstand adverse business conditions.

* **Modest profitability:** While the company scale up, its operating margin dropped to 2.7% in fiscal 2018, from 5.7% in fiscal 2016.

* **Susceptibility to volatile raw material prices:** The key raw material, copper, is an open market commodity, traded globally on exchanges. Hence, prices have been volatile over the three fiscals through March 2018. This, coupled with intense competition, affects growth in revenue and profitability.

Outlook: Stable

CRISIL believes MCL will continue to benefit from the extensive experience of its promoters and established relationships with customers. The outlook may be revised to 'Positive' if sizeable cash accrual strengthens the financial risk profile. The outlook may be revised to 'Negative' if increase in working capital requirement or any large, debt-funded capital expenditure weakens financial risk profile.

About the Company

MCL was set up as a private limited company in 2012, and reconstituted as a public limited company in fiscal 2017. The company was promoted by Mr Rohit B Chauhan, Mr Nilesh N Patel, and Ms Divya A Monapara. The Bhavnagar (Gujarat)-based company manufactures and trades in enameled and submersible wires. It is a part of the Madhav group.

Key Financial Indicators

Particulars	Unit	2018	2017
-------------	------	------	------

Revenue	Rs crore	169	71
Profit After Tax (PAT)	Rs crore	2.4	0.5
PAT Margins	%	1.4	0.7
Adjusted debt/adjusted network	Times	0.77	1.58
Interest coverage	Times	5.1	2.52

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
NA	Cash Credit	NA	NA	NA	8	CRISIL BB+/Stable
NA	Long Term Loan	NA	NA	Mar-2025	3.5	CRISIL BB+/Stable
NA	Term Loan	NA	NA	Mar-2019	1.5	CRISIL BB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	1.5	CRISIL BB+/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2018 (History)		2017		2016		2015		Start of 2015
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Fund-based Bank Facilities	LT/ST	14.50	CRISIL BB+/Stable	06-11-18	CRISIL BB+/Stable	20-06-17	CRISIL BB/Stable	22-06-16	CRISIL BB-/Stable	--	--	--
				27-06-18	CRISIL BB+/Stable							

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	8	CRISIL BB+/Stable	Cash Credit	8	CRISIL BB+/Stable
Long Term Loan	3.5	CRISIL BB+/Stable	Term Loan	1.5	CRISIL BB+/Stable
Term Loan	1.5	CRISIL BB+/Stable	--	0	--
Proposed Long Term Bank Loan Facility	1.5	CRISIL BB+/Stable	--	0	--
Total	14.5	--	Total	9.5	--

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](#)

[Rating Criteria for Steel Industry](#)

[CRISILs Bank Loan Ratings](#)

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
Saman Khan	Rahul Guha	Timings: 10.00 am to 7.00 pm