



## Rating Rationale

### CREATIVE M PORTALS PRIVATE LIMITED

17th November, 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 14.50 Crores (INR Fourteen Crores and Fifty Lakhs Only) of M/s. Creative M Portals Private Limited**

#### Particulars

Facilities Rated	Amount (Rs. In Crs)	Tenure	Rating *
<u>Fund Based</u>			
Cash Credit	1.00	Long Term	<b>BWR B+</b> (Pronounced as BWR Single B plus) Outlook: Stable
Term Loan :			
- Existing limit #	0.78		
- Proposed Additional limit	12.72		
<b>Total</b>	<b>Rs. 14.50 Crores (Rupees Fourteen Crores and Fifty Lakhs Only)</b>		

# Term Loan amount (Existing limit) Outstanding as on 14.11.17

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

BWR has essentially relied upon the company's audited financial results up to FY17, projected financial statements for FY 18 & FY 19, publicly available information and clarifications provided by the management.

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has inter-alia, factored experience of the promoters in modular kitchen products industry for more than a decade, established track record of the company, reputed clientele spread across the country, consistent growth in sales revenue, improved net worth and ability to sustain the competitive nature of business in the region. However, the ratings are constrained by volatility in profit level, high competition and working capital intensive nature of operations.

Going forward ability of the company to improve its profit, to execute and implement its expansion project in a timely manner, to maintain customer relationship and to manage its working capital efficiently will be the key rating sensitivities.

#### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

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### **Rating Outlook: Stable**

BWR believes that the **Creative M Portals Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Creative M Portals Private Limited (CMPPL) was incorporated as a limited company on 6th December 2010 in Bangalore, Karnataka for the manufacture and sale of modular products and panels. It is constituted by five directors namely - Mr. Sree Ram Venkatesh (27%), Mr. Mahesh Kumar (15%), Mr. Naveen Kumar (18%), Mr. Sateesh Kumar (25%) and Mr. K Sadhananda Manja (15%). The company manufactures various products like, kitchen cabinet & door, wardrobe cabinet, crockery unit, study unit etc. The products are marketed under the brand name of "Portals". Raw materials used for the manufacture are ply board, MDF boards, particle boards, laminates, edge rolls, glue etc. More than 70% of the raw materials are imported from suppliers located at Germany and Italy. CMPPL has more than 400 customers spread across the country. The unit employs more than 27 permanent members to carry out its operations. The company has two other associate businesses carrying on similar line of activity under the name of Creative Modules and Creative Pannel Craft. Currently, the management is in the process of construction of factory shed near Somanahali, Bangalore south. As reported by the management, the construction is scheduled to be completed by November 2017.

### **Key Factors:**

#### **Credit Strengths:**

#### **Track record of Promoters:**

All the promoter-directors have experience of more than a decade in the relevant industry.

#### **Long standing relationship with reputed clientele:**

The company has over 400 customers spread throughout the country. Its distribution is spread across the states like Kolkata, Kerala, Andra Pradesh, Mumbai, Pune, Goa, Tamilnadu, Haryana etc. List of clientele includes, IFB Industries, Space Avenue etc.

#### **Improved Net worth:**

The company's authorised capital has increased from Rs. 2.00 crs in FY 15 to Rs. 7.00 crs in FY 16. Net worth of the company stood at Rs. 4.53 crs in FY 17 as compared to Rs. 4.00 crs in FY 16.



**Credit Weaknesses:**

**Volatility in profit level:**

PAT for FY 17 was at Rs. 0.53 crs as against Rs. 0.34 crs in FY 16 and Rs. 0.62 crs in FY 15, this is mainly due to volatility in prices of material imported.

**High Competition and Working Capital intensive nature of business:**

The industry of modular kitchen products is highly fragmented with more than 70% of production from many small and unorganized players.

**Company's Financial Performance**

Parameters	FY 2017 (A) (Rs in Crs)	FY 2016 (A) (Rs in Crs)
Total Operating income	7.99	7.67
OPBDIT	1.09	0.88
Profit After Tax (PAT)	0.53	0.34
Tangible Net Worth	4.53	4.00
Total Debt/ TNW	0.39	0.61

**Note: A: Audited**

As reported by the management, the estimated project cost for the procurement of machinery for the new unit is Rs. 16.30 crs, out of which the management plans to approach for additional term loan facility of Rs. 12.72 crs.

**Rating History for the last three years: (including withdrawn/suspended ratings)**

Sl. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	1.00	BWR B+	-	-	-
2	Term Loan	Long Term	13.50	BWR B+	-	-	-
	<b>Total Amount</b>		<b>14.50</b>	<b>(INR Fourteen Crores and Fifty Lakhs Only)</b>			

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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