



## Rating Rationale

### Matha Exports

18 Mar 2019

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.71 Crores of Matha Exports.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based Cash Credit (OCC) Term Loan (TL)</b>	<b>6.25** 2.46**</b>	<b>Long Term</b>	<b>BWR B+ (Pronounced as BWR Single B Plus) (Outlook : Stable)</b>
<b>Total</b>	<b>8.71</b>	<b>INR Eight Crores and Seventy one Lakhs Only</b>	

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

\*\* OCC= Existing Rs. 3.25 Crs + Proposed Rs. 3.00 Crs and TL of Rs. 2.46 Crs is a proposed facility.

### Ratings: Assigned

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

BWR has essentially relied upon audited financial results up to FY18, provisional financials upto FY21 publicly available information and information/clarifications provided by the management.

The rating, inter alia, has factored the proprietor's experience, visible revenue and profit in its first year of operations, low gearing level and average interest service coverage factor. However the rating is constrained by small scale of operations, one year of track record, low profit margins, high receivable days, withdrawal of capital by the Proprietor for any personal contingency would adversely affect the capital structure of the firm and inherent risks associated with the constitution being a proprietorship firm.

Going forward, the Firm's ability to efficiently manage its working capital requirements, improve scale of operations & Margins, service the debt obligations promptly and enhance its capital position are the key rating sensitivities.

**Description of Key Rating Drivers**

**Credit Strengths:**

The proprietor has more than 3 decades of experience in the similar line of business. The firm has achieved revenue of Rs. 4.05 Crs & PAT of Rs. 0.03 Crs in its first year of operations. Low gearing level in FY18 with debt equity of 0.13 times in FY18 with networth of Rs. 10.90 Crs. Average interest coverage indicator with ISCR of 1.58 times in FY18.

**Credit Risks:**

Current ratio of 1.00 times in FY18 indicates inadequate liquidity position of the Firm. In FY18 The Proprietorship Concern has reported operating profit margin @ 2.22% and net profit margin @ 0.81%. The Proprietorship Concern has pursued its business for a couple of years. The Proprietorship Concern's Account Receivable days of 235 is a concern.

**Liquidity position :** The Proprietorship Concern has reported current ratio of 1.00 times in FY18 which indicates inadequate liquidity position. As on 31-3-2018 the cash balance is Rs. 1.35 Crs. The average cash credit utilization is 99% which indicates tight liquidity position. However the proprietor has ability to infuse capital as and when required.

**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).

**Rating Outlook: Stable**

BWR believes the **Matha Exports** 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 Firm**

M/s Matha Exports is promoted by Mr. Pradeep S Wodeyar as a Proprietorship Concern in the year 2017. The registered office is located in Rajarajeshwari nagar, Bangalore, karnataka. The Concern is engaged in the business of Extraction of Granite Blocks and trading of “Ilkal Red, Multi Colour, Matha MP Red, Tumkur Prophery, ANT Red, Indian Red, New Imperial Red” granite blocks procured from M/s Pratham Granites, M/s ANT Quarry and M/s Panchavati Exports etc. In this regard the Concern has entered into a contract for long term supply with various quarry for continuous supply of required quantity and quality material. And also Mr. Pradeep S Wodeyar has entered into a lease agreement for 20 years in the year 2012 with Mr. A Palanisamy, who has grant of lease to quarry multi coloured Granite.

The promoter Mr. Pradeep S Wodeyar has vast experience in the present business. Apart from trading of various granites procured from local quarry on long term supply contract with various quarries for continuous supply of required quantity and quality material.

### **Financial Performance**

As per audited financials of FY18, The Concern has reported total operating income of ₹ 4.05 Crs, operating profit margin is at 2.22% and net profit margin of 0.81% in FY18. The Firm has net worth of ₹ 10.90 Crs in FY18. Debt Equity ratio of the Firm stood at 0.13 times in FY18. The Firm has reported ISCR of 1.58x in FY18.

### **Key Financial Indicators**

<b>Key Parameters</b>	<b>Units</b>	<b>2018</b>
<b>Result Type</b>		<b>Audited</b>
Operating Revenue	₹ Cr	4.05
EBITDA	₹ Cr	0.09
PAT	₹ Cr	0.03
Tangible Net worth	₹ Cr	10.90
Total Debt/Tangible Net worth	Times	0.13
Current Ratio	Times	1.00



### Rating History for the last three years

Facility	Current Rating			Rating History		
	Type	Amount (₹ Crs)	Rating	2018	2017	2016
Fund Based	Long Term	8.71	<b>BWR B+ (Pronounced as BWR Single B Plus ) (Outlook : Stable)</b>	<b>Not Rated</b>		
<b>Total</b>		<b>8.71</b>	<b>INR Eight Crores and Seventy one Lakhs Only</b>			

Status of non-cooperation with previous CRA - Nil

Any other information : Nil

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i><b>Nagaraj KS</b></i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<i><b>Associate Director-Ratings</b></i>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a



meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**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**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.