



Press Release
MAGNUM VENTURES LIMITED
December 13, 2024
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	30.00	ACUITE BB Stable Assigned	-
Non Convertible Debentures (NCD)	150.00	ACUITE BB Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	180.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long term rating to '**ACUITE BB**' (read as **ACUITE double Bf**) from '**ACUITE C**' (read as **ACUITE C**) on the Rs.150.00 Cr. Non Convertible Debentures of Magnum Ventures Limited. The outlook is '**Stable**'.

Acuite has assigned its long term rating to '**ACUITE BB**' (read as **ACUITE double Bo**) on the Rs.30.00 Cr. Non Convertible Debentures of Magnum Ventures Limited. The outlook is '**Stable**'.

Rationale for Rating

The rating upgrade takes into account the established track record of the group and promoters in the hospitality and paper industry for more than four decades. It also runs a Hotel under the name “Country Inn & Suites by Radisson” which is managed by the Radisson group. Further, the rating factors in the improvement in operational metrics, moderate financial risk profile, adequate liquidity with an average occupancy in key properties rising to 84% in FY24 as compared to 80% in FY23. However, the rating is constrained due to intensive working capital operations and highly competitive industry of both paper & hotel segment.

About the Company

Magnum Ventures Limited, incorporated in 1980, is a Delhi based company, engaged in trading and manufacturing of Newspaper, printing paper, grey, duplex boards and also owns and operates a Hotel under the name “Country Inn & Suites by Radisson” managed by the Radisson group for the last 15 years . The paper unit has a capacity of 85,000 metric tons per annum for manufacturing of Newspaper, printing paper, grey, duplex boards. The hotel property located at Sahibabad, in the National Capital Region, comprises 216 rooms in four categories i.e. 64 Standard Rooms, 76 Superior Rooms, 70 Club Rooms, 6 Executive Suites, 9 banquet halls, 5 restaurants, 52 seater room theatre and 60,000+ sq.ft. of meeting space. The hotel holds the distinction of being the first all-vegetarian establishment to receive a formal 5-star certification from the HRACC, Ministry of Tourism. To expand its food and beverage business, the company has launched a new restaurant under the "Little Italy" franchise. Company also has an inhouse 6 MW Thermal power plant for captive consumption. Mr. Shiv Pravesh Chaturvedi, Mr. Parveen Jain, Mr. Abhay Jain, Mr. Pardeep Kumar Jain, Ms. Jyoti, Ms. Shalini Rahul, Ms. Aanchal Jain and Ms. Jyoti Bansal are currently directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone approach on the business and financial risk profile of Magnum Ventures Limited (MVL) to arrive at rating.

Key Rating Drivers

Strengths

Established Track record of operations and Experienced management

MVL engaged in trading and manufacturing of Newspaper, printing paper, grey and duplex boards for more than forty years. It also runs a Hotel under the name “Country Inn & Suites by Radisson” which is managed by the Radisson group. Mr. Shiv Pravesh Chaturvedi, Mr. Parveen Jain, Mr. Abhay Jain, Mr. Pardeep Kumar Jain, Ms.

Jyoti, Ms. Shalini Rahul, Ms. Aanchal Jain and Ms. Jyoti Bansal are currently directors of the company. The operational metrics of the company have improved as compared to previous years. The average occupancy rate of the hotel has been more than 84% for FY 2024 as a result of which the room and Food & Beverage revenue has increased significantly on year on year basis. Further, the average room rates have also improved significantly in 6MFY2025 as compared to previous years.

Slight decline in revenues albeit improved operating profitability

The company have achieved the turnover of Rs.461.21 Crore in FY24 against Rs.464.73 Crore in FY23. This dip in top line of the company is because volatility in price realization in paper business. The average occupancy rate stood at ~84% in FY24 in hotel division. Further, the operating margins of the company have improved which stood at 11.68% in FY24 against 10.16% in FY23. The PAT margins of the company stood at 5.36% in FY24 against 15.25% in FY23. There is a dip in PAT margin is from 15.25% in FY23 to 5.36% in FY24 due to increase in depreciation cost in FY24 and the company enjoyed the gain on the closure/restructuring of AARC Loan of Rs. 5.97 Cr. in FY24 and Rs. 42.67 Cr. in FY23. The Q2FY25 revenues and operating margin were at Rs. 83.62 Cr. and 27.64% against Q1FY25 revenues and profitability of Rs. 90.08 Cr. and 12.31% respectively. Acuite believes that going forward the scale of operations and profitability will improve in near to medium term.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net worth of Rs. 153.68 Crore as on 31st March 2024 against Rs. 37.04 Crore as on 31st March 2023. During the year, company has allotted 16784433 equity shares of face value of Rs.10 each fully paid up. In H1FY25, company has issued 7525000 equity shares of face value of Rs. 10 each fully paid up. The total debt of the company stood at Rs. 157.56 Crore as on 31st March 2024 against Rs. 166.12 Crore as on 31st March 2023. Additionally, company is raising Rs. 30 Cr. through NCD and Rs. 18 Cr. through share warrant in FY26 for the capex requirement. The gearing of the company has improved which stood at 1.03 times as on 31st March 2024 against 4.48 times as on 31st March 2023 due to increase in the net-worth of the company. Further, the interest coverage ratio and debt service coverage ratio of the company stood at 12.06 times and 1.04 times respectively as on 31st March 2024 against 22.51 times and 0.95 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 2.96 times as on 31st March 2024 against 12.39 times as on 31st March 2023. Acuite believes that financial risk profile of the company will remain moderate going ahead with ongoing capex raising through NCD & equity.

Weaknesses

Intensive Working Capital operations

Working capital operations of the company is intensive marked by GCA days which stood at 127 days as on 31st March 2024 against 85 days as on 31st March 2023. The GCA days of the company has increased on an account of debtor days which stood at 51 days as on 31st March 2024 against 32 days as on 31st March 2023. Also, the creditor day of the company stood at 54 days as on 31st March 2024 against 42 days as on 31st March 2023. On the other hand, the inventory days of the company stood at 38 days as on 31st March 2024 against 50 days as on 31st March 2023.

Highly fragmented and competitive industry

In paper division- The Company is operating in highly competitive and fragmented industry. It is exposed to intense competition from several players operating in the industry. The kraft paper manufacturers in India are exposed to the risk of volatility in waste paper prices, largely due to intense competition. On account of competitive pressures, players face challenges in passing on increased costs to end users. Business risk profile will remain constrained by exposure to the downturn in the paper industry. The rise in the prices of duplex paper over that of waste paper is expected to be gradual, rendering the profitability susceptible to volatility in the price of paper. Furthermore, any abrupt change in raw material prices due to supply-demand scenario can lead to distortion of prices and affect the profitability of the company.

In hotel division- The hospitality sector is vulnerable to downturns in both the domestic and global economy. It is also sensitive to high competition and cyclical. In a downturn, premium hotels are more negatively impacted because, despite high operating costs, their revenue per available room falls more precipitously than that of mid-sized or budget hotels. As a result, the cash flow from premium properties is more vulnerable to economic downturns. Also, the Indian hotel business is seeing fierce rivalry as a result of the expansion of domestic players and the growing presence of overseas competitors.

Rating Sensitivities

- Timely execution of the Capex
- Working Capital Operations

Liquidity Position

Adequate

The Liquidity profile of the company is adequate. The company have generated net cash accruals of Rs.69.09 Crore as on 31st March 2024 against the debt repayment obligations of Rs. 66.35 Crore in the same period. The current

ratio of the company stood at 2.32 times as on 31st March 2024 against 0.80 times as on 31st March 2023. The unencumbered investment of the company stood at Rs. 27.46 Crore and cash & bank balance stood at Rs. 20.01 Cr. as on 31st March 2024. Acuité believes that the liquidity position of the company will remain adequate on account of healthy net cash accruals against matured debt obligations over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	461.21	464.73
PAT	Rs. Cr.	24.70	70.86
PAT Margin	(%)	5.36	15.25
Total Debt/Tangible Net Worth	Times	1.03	4.48
PBDIT/Interest	Times	12.06	22.51

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 May 2024	Non-Convertible Debentures (NCD)	Long Term	150.00	ACUITE C (Assigned)
	Proposed Non Convertible Debentures	Long Term	5.00	ACUITE Not Applicable (Withdrawn)
23 Jan 2024	Proposed Non Convertible Debentures	Long Term	5.00	ACUITE Provisional C (Assigned)
	Proposed Non Convertible Debentures	Long Term	150.00	ACUITE Provisional C (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE387I07013	Non-Convertible Debentures (NCD)	11 Mar 2024	18	31 Aug 2027	150.00	Simple	ACUITE BB Stable Upgraded (from ACUITE C)
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BB Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Siddharth Garg Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.