



Press Release
MAGNUM VENTURES LIMITED
May 30, 2024
Rating Assigned and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	150.00	ACUITE C Assigned Provisional To Final	-
Non Convertible Debentures (NCD)	5.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	5.00	-	-

Rating Rationale

Acuite' has converted and assigned its long term rating of ' **ACUITE C** ' (read as **ACUITE C**) from ' **Provisional ACUITE C** ' (read as **Provisional Acuite C**) on the Rs.150.00 Cr. Non Convertible Debentures of Magnum Ventures Limited.

The final conversion reflects satisfactory completion of the documentation as required by Acuite` with the receipt of following final documents from the company:

1. Final Term sheet.
2. Final debenture trust deed.
3. Legal opinion- not applicable.

Furthermore, Acuite has withdrawn the long term rating on proposed non-convertible debentures of Rs.5.00 Cr. without assigning any rating of Magnum Ventures Limited. The rating has been withdrawn on account of the request received from the company and it is done as per Acuite policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for Rating

The rating assigned 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 & Suits by Radisson" which is managed by the Radisson group. Further, the rating factors in the improvement in operational metrics after the Covid pandemic with an average occupancy in key properties rising to 80% in FY23 as compared to previous years and along with same paper segment also performing better than previous year on an account of higher capacity utilization as compared to previous years. However, the rating is constrained due to liquidity issues faced by the company to repay the bank loans and subsequently this loans were assigned to ARC. Further, the company was unable to repay the same and in the process to issuance of NCDs to repayment of such dues.

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 TPD 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, 52 seater room theatre and 60,000+ sq.ft. of meeting space. 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 80% for FY 2023 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 6MFY 2024 as compared to FY 2023 and FY 2022.

Moderate Financial Risk profile

The financial risk profile of the company is moderate marked by net worth of Rs.37.04 Crore as on 31st March 2023 as against (Rs.51.24) Crore as on 31st March 2022. During the year, company has issued 1,77,50,000 warrant to its Promoters through preferential allotment out of which the Company has allotted 45,00,000 equity shares of face value of Rs.10 for a price of Rs.25 per share. Along with same, the reserves of the company have increased due to revaluation of assets leading to creation of revaluation reserve of Rs crores as on 31st March 2023. The total debt of the company stood at Rs.166.12 Crore as on 31 st March 2023 against Rs.273.61 Crore as on 31 st March 2022. The total debt of the company comprises Long term debt of Rs.155.35crore, Unsecured loans of Rs.10.77 Crore (non-interest bearing). The gearing of the company has improved which stood at 4.48 times as on 31 st March 2023 against -5.34 times as on 31 st March 2022 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 22.51 times and 0.95 times respectively as on 31 st March 2023 against 9.21 times and 0.39 times respectively as on 31 st March 2022. The TOL/TNW ratio of the company stood at 12.39 times as on 31 st March 2023 against (7.15 times) as on 31 st March 2022.

Weaknesses

High Dependence on refinancing for sustainability of operations

MVL has faced various liquidity issues in the past, which resulted in defaults of its bank loans and subsequently debt was assigned in favour of an ARC. Further, there were delays in debt servicing to the ARC. The Company is in the process of refinancing the ARC debt through the proposed NCD issuance

Rating Sensitivities

Timely refinancing by issuance of NCD.

Liquidity Position

Poor

The Liquidity profile of the company is poor. The Company is in the process of refinancing the ARC debt through the proposed NCD issuance. The company has generated net cash accruals of Rs.87.61 Crore as on 31st March 2023, which combined with equity infusion by Promoters has been used to service the debt repayment obligations of Rs.92.88 Crore during the same period. Also the Company has already proposed a Rights issue of Rs. 49 crore in February 2024 at a price of Rs. 54 per share, for which it has also received the in-principle approval from the Stock exchange. The debt servicing requirement based on the proposed

NCD issuance over the next 12 months, is only ~Rs. 42 crore which is significantly lower than its debt servicing requirements as agreed with the ARC. The current ratio of the company stood at 0.80 times as on 31st March 2023 against 0.70 times as on 31st March 2022. The unencumbered cash and bank balance of the company stood at Rs.2.15 Crore as on 31st March 2023 against Rs.2.16 Crore as on 31st March 2022.

Outlook

Not applicable.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	464.73	330.21
PAT	Rs. Cr.	70.86	5.15
PAT Margin	(%)	15.25	1.56
Total Debt/Tangible Net Worth	Times	4.48	(5.34)
PBDIT/Interest	Times	22.51	9.21

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>
- 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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
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	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	INE387107013	Non-Convertible Debentures (NCD)	11 Mar 2024	18	31 Aug 2027	Simple	150.00	ACUITE C Assigned Provisional To Final
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	Not Applicable Withdrawn

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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.

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