



To,

National Stock Exchange of India Limited,  
Listing Department  
Exchange Plaza, C-1, Block G  
BandraKurla Complex, Bandra (E)  
Mumbai – 400051

Symbol: MCL

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations')

Dear Sir/ Madam,

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we inform you that CRISIL Rating has downgraded its rating on long term bank facilities to "CRISIL B/Negative" from CRISIL BB-/Negative rating of Madhav Copper Limited (MCL) intimation received via mail dated 24<sup>th</sup> May, 2023 and the letter assigning rating is attached as annexure I.

Kindly take it on records.

Thanking you,

Yours Faithfully,

For Madhav Copper Limited



Sneha Langaliya  
Company Secretary & Compliance Officer

**MADHAV COPPER LIMITED** (Erstwhile known as Madhav Copper Pvt Ltd.)

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# CREDIT RATING REPORT

MAY 2023

## Madhav Copper Limited

<b>Instrument Rated</b>	
<b>Total Bank Loan Facilities Rated</b>	<b>Rs.18 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL B/Negative (Downgraded from 'CRISIL BB-/Negative')</b>
<i>Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.</i>	
1 crore = 10 million	
Refer to Annexure for Details of Instruments & Bank Facilities	

<b>Rating History</b>			
<b>Date</b>	<b>Long Term Rating</b>	<b>Short Term Rating</b>	<b>Rating Watch/Outlook</b>
Apr 11, 2023	CRISIL B	--	Negative
Jun 10, 2022	CRISIL BB-	--	Negative
Jul 22, 2021	CRISIL BB+	--	Negative
Apr 8, 2021	CRISIL BBB-	--	Stable
Mar 16, 2021	CRISIL BBB-	--	Stable

CRISIL Ratings has downgraded its rating on the long-term bank facilities of Madhav Copper Limited (MCL) to 'CRISIL B/Negative' from 'CRISIL BB-/Negative'.

The rating action reflects deterioration in business risk profile and moderate financial risk profile. Company had not generated any revenue during 9MFY23 against Rs 123 crore during FY22 due to no operation in company due to ongoing search of state goods and service tax (SGST) department. Subsequently company has reported losses of Rs 3.26 crore during 9MFY23 (against 2.44 crore in FY22). Team will continue to monitor impact and outcome of the event.

### Key rating drivers

#### Weakness:

- Sharp decline in revenue and profitability
- Susceptibility to volatile raw material prices

#### Strengths:

- Moderate financial risk profile

**Outlook: Negative**

CRISIL Ratings believes that ongoing investigation may continue to disrupt the normal operations and adversely impact the financial profile.

### **Rating sensitivity factors**

#### **Upward factors**

- Favourable outcome in the ongoing investigation
- Sustained revenue growth of 20%, backed by higher volume, with steady margin
- Significant and sustained improvement in the working capital cycle resulting in better return ratio

#### **Downward factors**

- Stretch in working capital cycle with gross current assets of over 120 days, indicating weakening of business profile
- Implication of company in the investigation and imposition of high penalties

### **About the company**

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

### **The ratings reflect the company's following weaknesses:**

#### **Sharp decline in revenue and profitability**

During fiscal 2022, revenue of company declined sharply from Rs 384 crore in FY21 to Rs 123 crore. Due to ongoing investigation, company had not generated any revenue during 9MFY23. Simultaneously, company incurred losses of Rs 3.26 crore during 9MFY23

#### **Susceptibility to volatile raw material prices**

Key input, copper, is an open market commodity, traded globally on exchanges. Hence, its prices are volatile, and affected the margin of company. This, coupled with intense competition, affects growth in revenue and profitability.

### **These strengths are offset by the following strengths:**

#### **Moderate financial risk profile**

MCL had a net worth of Rs 44.21 and gearing of 0.15 times as on March 31, 2022. Debt protection metrics were average, with interest coverage and net cash accrual to total debt ratios of 2.1 times and over 0.07 times, respectively, for fiscal 2022. CRISIL rating believes that financial risk profile will continue to remain moderate supported by network.

#### **Liquidity: Stretched**

Bank limit utilisation is moderate below 5% of the sanctioned Rs 8 crore limit. Cash accruals are expected negative over the medium term against no repayment obligations. Low gearing and moderate net worth support its financial flexibility. However, the overall liquidity remains contingent to the outcome of the ongoing GST evasion investigation and the final liability on the company.

### **Financial policy**

Financial policy is below average, as reflected in TOL/ ANW of 1.59 times as on March 31, 2022, which is expected to deteriorate due to networth depletion over the medium term.

### Derivatives

The company is not engaged in forward contract to hedge its forex.

### Dividend policy:

The company has not paid dividend in past and is expecting no dividend pay-out over the medium term.

### Key Financial Indicators (Standalone)

As on for the year ended March 31	Unit	2022	2021	2020
		Provisionals	Provisionals	Actuals
Net Sales	Rs Crore	122	383	202
Operating Income	Rs Crore	123	383	202
OPBDIT	Rs Crore	1	9	9
PAT	Rs Crore	-2	4	4
Net Cash Accruals	Rs Crore	0	7	6
Equity Share Capital	Rs Crore	14	14	14
Adjusted Networth	Rs Crore	44	47	42
Adjusted Debt	Rs Crore	7	2	4
OPBDIT Margins	%	1.1	2.4	4.4
Net Profit Margins	%	-2.0	1.2	1.8
ROCE	%	-1.8	14.3	19.7
PBDIT / Int. & Finance Charges	Times	1.95	11.39	8.30
Net Cash Accruals / Adjusted Debt	Times	0.06	4.35	1.45
Adjusted Debt / Adjusted Networth	Times	0.17	0.04	0.10
Adjusted Debt / PBDIT	Times	3.63	0.17	0.48
Current Ratio	Times	1.41	1.36	3.25
Cashflow from operations	Rs Crore	-4	2	-7
TOL/ ANW	Times	1.59	1.76	0.40
Operating Income/Gross Block	Times	6.10	17.88	11.65
Gross Current Assets days	Days	289	105	81
Debtor Days	Days	109	35	24
Inventory Days	Days	104	48	20
Creditor Days	Days	179	78	19

## Annexure 1: Bank-Details of Facility Classes

### 1.Cash Credit

#	Bank	Amount (Rs.Cr.)	Rating
a.	Bank of Baroda	8	CRISIL B / Negative
-	Total	8	-

### 2.Proposed Long Term Bank Loan Facility

#	Bank	Amount (Rs.Cr.)	Rating
a.		10	CRISIL B / Negative
-	Total	10	-