



To,
National Stock Exchange India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex – Bandra (E)
Mumbai – 400 051

4th August, 2017
Symbol: MCL

Dear Sir,

Sub: Intimation with regard to revision in Credit Rating pursuant to Regulation 30 of SEBI(Listing Obligation and Disclosure Requirements) Regulation, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, we wish to inform you that CRISIL has upgraded the Long term Credit Rating to **CRISIL BB/Stable** (upgraded from **CRISIL BB-/Stable**).

The aforesaid information is also available on the website of the Company on www.madhavcopper.com as well as the same is available on CRISIL's website at <https://www.crisil.com/Ratings/RatingList/RatingDocs/Madhav Copper Limited June 20 2017 RR.htm>.

This is for your information and record.

Thanking You

Yours faithfully,
For, Madhav Copper Limited

Nilesh
(Nilesh N. Patel)
Chairman & Whole Time Director
(DIN: 05319890)



Ratings



Rating Rationale

June 20, 2017 | Mumbai

Madhav Copper Limited

Rating upgraded to 'CRISIL BB/Stable'

Rating Action

Total Bank Loan Facilities Rated	Rs.9.5 Crore (Enhanced from Rs.7 Crore)
Long Term Rating	CRISIL BB/Stable (Upgraded from 'CRISIL BB-/Stable')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

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

The upgrade reflects improved financial risk profile due to fresh equity infusion via SME listing. The same has resulted in reducing gearing and better liquidity.

The rating reflects the extensive experience of MCL's promoters, significant ramp-up in operations, and improved financial risk profile because of healthy gearing and comfortable debt protection metrics. These strengths are partially offset by modest operating margin due to significant increase in trading income and large working capital requirement.

Key Rating Drivers & Detailed Description

Strengths

* **Significant improvement in scale of operations:** Turnover improved because of trading activity carried for copper wire, which account for 30% of total revenue of Rs.71.00 Cr as on March 2017. Sales are expected to remain at a similar level over the medium term.

* **Moderate financial risk profile:** Networth increased to Rs 7.04 crore as on March 31, 2017, from Rs 2.45 crore in the previous year due to equity infusion of Rs 4.0 crore by promoters. This led to a moderate gearing of below 1.5 times and comfortable debt protection metrics, with interest coverage ratio of 2.5 times for fiscal 2017.

* **Improved liquidity due to equity infusion and enhanced bank limit:** Infusion of promoter funds of Rs 4.0 crore in fiscal 2017 through SME IPO led to a better liquidity.

Weakness

* **Moderate profitability:** Operating margin declined to 3.5% in fiscal 2017 from 5.7% in fiscal 2016 due to increase in quantum of trading sales and intense competition. Margin is expected to remain low over the medium term.

* **Susceptibility to volatile raw material prices:** Copper, key raw material, is an open market commodity traded globally on exchanges. Hence, prices have been volatile in the three years through fiscal 2017. This, along with intense competition, affects revenue and profitability.

* **Working capital-intensive operations:** Gross current assets increased to 90 days as on March 31, 2017, from 62 days a year ago due to rise in receivables and inventory to 44 days (36 in the previous year) and 41 (23 days) days, respectively.

Outlook: Stable

CRISIL believes MCL will continue to benefit over the medium term from the extensive experience of its promoters and established relationship with customers. The outlook may be revised to 'Positive' if sizeable cash accrual considerably strengthens financial risk profile. The outlook may be revised to 'Negative' if increase in working capital requirement or any large, debt-funded capital expenditure weakens financial risk profile.

About the Company

Incorporated in 2012 as a private limited company and reconstituted as a public limited company in fiscal 2017, MCL is promoted by Mr. Rohit B Chauhan, Mr. Nilesh N Patel, and Ms. Divya A Monapara. Based in Bhavnagar, Gujarat, the company manufactures and trades in enamelled and submersible wires. It is a part of the Madhav group.

Profit after tax (PAT) was Rs 0.52 crore on operating income of Rs 71.5 crore in fiscal 2017, against PAT of Rs 0.73 crore on operating income of Rs 35.6 crore in the previous fiscal.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available

on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Rating Assigned with Outlook
NA	Term Loan	NA	NA	31-Mar-2019	1.5	CRISIL BB/Stable
NA	Cash Credit	NA	NA	NA	6.0	CRISIL BB/Stable
NA	Proposed Cash Credit Limit	NA	NA	NA	2.0	CRISIL BB/Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	9.5	CRISIL BB/Stable		No Rating Change	22-06-16	CRISIL BB-/Stable		-		-	-

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	6	CRISIL BB/Stable	Cash Credit	4	CRISIL BB-/Stable
Proposed Cash Credit Limit	2	CRISIL BB/Stable	Proposed Long Term Bank Loan Facility	.64	CRISIL BB-/Stable
Term Loan	1.5	CRISIL BB/Stable	Term Loan	2.36	CRISIL BB-/Stable
Total	9.5	-	Total	7	-

Links to related criteria

[Rating criteria for manufacturing and service sector companies](#)

[Rating Criteria for Steel Industry](#)

[CRISILs Bank Loan Ratings](#)

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