

Magnum Ventures Limited

CIN: L21093DL1980PLC010492

Registered Office: HNO-MN01, Hub and Oak, E-14, Lower Ground Floor, Defence Colony,
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E-mail: info@magnumventures.in Website: www.magnumventures.in

Date: 24th January, 2024

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|--|---|
| To BSE Limited Phiroze JeeJeebhoy Towers, Dalal Street, Fort Mumbai-400001 | To National Stock Exchange India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra(E) Mumbai-400 051 |
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Sub: Intimation of Rating under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Scrip Code

BSE: 532896

NSE: MAGNUM

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the "Regulations") read with Schedule III, please find below the ratings assigned by **Acuité Ratings & Research Limited** vide their press release dated 23rd January 2024, for the Company as follows:

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|------------------|-----------------------------------|-------------------|
| Non Convertible Debentures (NCD) | 155.00 | Provisional ACUITE C Assigned | - |
| Total Outstanding Quantum (Rs. Cr) | 155.00 | - | - |

The press release by **Acuité Ratings & Research Limited** is enclosed.

You are requested to kindly note the same.

Thanking You

Yours Sincerely,

For Magnum Ventures Limited



Aaina Gupta

Company Secretary cum Compliance Officer

Press Release
Magnum Ventures Limited
January 23, 2024
Rating Assigned



| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|------------------|-----------------------------------|-------------------|
| Non Convertible Debentures (NCD) | 155.00 | Provisional ACUITE C Assigned | - |
| Total Outstanding Quantum (Rs. Cr) | 155.00 | - | - |

Rating Rationale

Acuite' has assigned its long term rating of '**Provisional ACUITE C**' (read as **Provisional ACUITE C**) on the Rs.155.00 Cr. proposed Non-Convertible Debentures of Magnum Ventures Limited (MVL).

The rating on the proposed Rs. 155.00 Cr. NCD is provisional and the final rating is subject to the following documentation requirements:

1. Receipt of the executed trust deed
2. Receipt of the final term sheet and confirmation from trustee regarding the compliance with all the terms and conditions
3. Legal opinion on the transaction, if applicable

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

None

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)

None

Any other information

Supplementary disclosures for Provisional Ratings

Risks associated with the provisional nature of the credit rating In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuité will withdraw the existing provisional rating and concurrently assign a fresh final rating in the same press release, basis the revised terms of the transaction.

Rating that would have been assigned in absence of the pending steps/documentation

The structure would have become null and void for the instrument. The rating of the instrument would have been equated to the standalone rating of the issuer (ACUITE C).

Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument

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, Acuité 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 :

Not applicable.

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 | Not Applicable | Proposed Non Convertible Debentures | Not Applicable | Not Applicable | Not Applicable | Simple | 150.00 | Provisional ACUITE C Assigned |
| Not Applicable | Not Applicable | Proposed Non Convertible Debentures | Not Applicable | Not Applicable | Not Applicable | Simple | 5.00 | Provisional ACUITE C Assigned |

Contacts

| Analytical | Rating Desk |
|---|--|
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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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