



Rating Rationale

Alpine Apparels Pvt. Ltd.

27 Aug 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 83.00 Crores of Alpine Apparels Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	22.33	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable
	56.67	Short Term	BWR A4+ (BWR A Four Plus)
Non Fund Based	4.00	Short Term	BWR A4+ (BWR A Four Plus)
Total	83.00	INR Eighty Three Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY18, Provisional financials for FY19 & projected financials till FY21, publicly available information and information provided by the management.

The ratings, inter alia, factors in promoter's experience in leather apparels industry, strong customer & supplier base of the company, established relations with the luxury apparel brand across the globe, Y-o-Y improvement in profitability & promoters ability to effectively manage forex risks as per the market scenarios.

However, the ratings are constrained on account of intense competition faced by the company from the organized as well as unorganized players in the market, thin profitability margins due to the nature of business and working capital intensive nature of business.



Description of Key Rating Drivers

- **Credit Strengths:**
- **Experienced Management:** The promoters of the company have two decades of experience in the leather apparel industry. Over the years the company has acquired and serviced renowned brands such as PRADA SPA, Ralph Lauren, Mandarina Duck Spa and among others. The company is expected to gain a competitive edge over the other existing players in the market.
- **Revenue Growth:** As per the provisional FY19 financials, the company was able to achieve 16% growth in its total operating income mainly on account of increased volumes Y-o-Y. The company achieved TOI of Rs. 172.08 Crores in FY19 (Prov) as against Rs. 148.01 Crores in FY18.
- **Credit Risks:**
- **Moderate Financial Profile:** As on FY18, the company's tangible networth stood at Rs. 16.87 Crores and the total debt stood at Rs. 65.30 Crores resulting in moderate D/E ratio of 3.87x. Further, the company has opted for debt funded capex in FY19 & FY20 which has resulted in further deterioration of D/E ratio. However, the company believes that the capex would help to improve profit margins in the near term.
- **Thin Profitability:** The company operates in a competitive environment which results into thin profitability. However, the company expects to increase its market share in the near future which will result in increased absolute profits.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Alpine Apparels Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Established in 1986 by Mr. Sanjay Leekha, Alpine's integrated design & manufacturing set up is geared to cater to the most discerning buyers of fine leather goods & accessories. The company is engaged in manufacturing and export of a complete range of fashion goods from leather handbags, belts, small leather products and lifestyle accessories. The company supplies the goods to renowned brands such as Ralph Lauren, Prada, Mandarina Duck SPA etc. The company's manufacturing facility is located at Faridabad, India.

Company Financial Performance

As per the audited financials of FY18, the company achieved TOI of Rs. 148.01 Crores as compared to Rs. 63.62 Crores in FY17 while the operating profit stood at Rs. 10.34 Crores in FY18 as compared to Rs. 8.06 Crores in FY17. Net profit was at Rs. 1.85 Crores in FY18 as compared to 0.50 Crores in FY17. As per the provisional financials for FY19, the company has achieved TOI of Rs. 172.08 Crores.

Rating History for the last three years

S.No	Instrument/Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	FY19	FY18	FY17
	Fund Based						
1.	Term Loan	Long Term	21.33	BWR BB+ (BWR Double B Plus) Outlook: Stable	-	-	-
2.	Proposed Term Loan	Long Term	1.00	BWR BB+ (BWR Double B Plus) Outlook: Stable	-	-	-
3.	Bill Discounting/ Packing Credit	Short Term	48.00	BWR A4+ (BWR A Four Plus)	-	-	-
4.	Overdraft	Short Term	8.67	BWR A4+ (BWR A Four Plus)	-	-	-
	Non Fund Based				-	-	-
5.	Letter of Credit	Short Term	2.00	BWR A4+ (BWR A Four Plus)	-	-	-
6.	Bank Guarantee	Short Term	2.00	BWR A4+ (BWR A Four Plus)	-	-	-
	Total		83.00	₹ Eighty Three Crores Only			

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	148.01	63.62
EBITDA	₹ Cr	10.34	8.06
PAT	₹ Cr	1.85	0.50
Tangible Net worth	₹ Cr	16.87	11.73
Total Debt/Tangible Net worth	Times	3.87	4.44
Current Ratio	Times	1.10	1.15

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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