

**RATING RATIONALE**

**Gaurav Exportrades Pvt. Ltd.**

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 16.00 Crores of Gaurav Exportrades Pvt. Ltd (GEPL) based on best available information.**

**Particulars**

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (March 2020)	Present
<b>Fund based</b>	<b>2.00</b>	<b>2.00</b>	<b>Long Term</b>	<b>BWR D</b>	<b>BWR D Reaffirm</b>
<b>Fund Based</b>	<b>12.00</b>	<b>12.00</b>	<b>Short Term</b>		
<b>Non - Fund Based</b>	<b>2.00</b>	<b>2.00</b>	<b>Short Term</b>		
<b>Total</b>	<b>16.00</b>	<b>16.00</b>	<b>INR Sixteen Crores Only</b>		

# Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings .  
Details of Bank facilities is provided in Annexure-I

**RATING ACTION**

BWR has essentially relied upon the Audited financials of GEPL for FY19, Provisional financials for FY20 and projections for FY21 and FY20, other information as available in the public domain, as well as information / clarifications provided by the company and its bankers, to arrive at the present ratings.

**ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

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

**Liquidity : Poor**

Poor liquidity profile is marked by overutilized working capital limits, low debt protection metrics of 0.88x and 1.04x ICSR and DSCR respectively in FY19. Over due PCs beyond 90 days as informed by the banker coupled with an elongated conversion cycle.

## CREDIT STRENGTHS

**Location Advantage:** The company is located in the Coimbatore cluster and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors making the company more efficient and cost effective.

**Established customer and supplier relationship:** The company has established strong customer and supplier relationships, some of them have had relationships since 1994.

**Extensive experience of the promoters:** GEPL commenced its operation in 1991 and hence has nearly three decades long experience in the ready made garments industry

## CREDIT WEAKNESS

**Small scale of operations:** The RMG industry is highly fragmented and has small scale of operations which restricts economies of scale. The company faces stiff competition from organised as well as unorganised sectors affecting the price flexibility both in domestic and global markets.

**Delays in repayment of Packing Credit:** There are delays in repayment of packing credit which are outstanding for more than 90 days.

**Competition in the Industry:** Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability

## KEY FINANCIAL INDICATORS

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	33.58	23.25
EBITDA	In ₹ Crs	1.52	0.54
Net Profit	In ₹ Crs	0.21	0.17
Tangible Net worth	In ₹ Crs	11.23	11.02
Total debt/TNW	Times	1.57	1.49
Current Ratio	Times	1.36	1.55

## COMPANY PROFILE

Gaurav Exportrades Limited (GEPL) is engaged in manufacturing and export of knitted garments mainly apparels for men, women and children. The company was set up by Mr. Mahesh Kumar Gupta in 1991 and has its manufacturing facility at Tirupur, Tamil Nadu.

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: CRISIL D ISSUER NOT COOPERATING** as on 14 Oct 2019

## RATING HISTORY [including withdrawal and suspended]

Facilities	Current Rating (Oct 2020)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2020	2019	2017
Fund Based	Long Term	2.00	<b>BWR D Reaffirm</b>	BWR D	BWR B-Stable	Not Rated
Fund Based	Short Term	12.00				
Non Fund Based	Short Term	2.00				
<b>Total</b>		<b>16.00</b>	<b>INR Sixteen Crores Only</b>			

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

## Hyperlink/Reference to applicable Criteria

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### ANNEXURE I

#### Gaurav Exportrades Pvt. Ltd.

#### Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Tamilnad Mercantile Branch	CashCredit	2.00	-	2.00
2.		PC/PCFC/F BN/FBP	-	12.00	12.00
3		ILC	-	2.00	2.00
<b>TOTAL</b>					<b>16.00</b>

**Total INR Sixteen crores Only**



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