



Rating Rationale

Kwality Overseas Private Limited

5 October 2017

Brickwork Ratings downgrades the long term and short term ratings for the Bank Loan Facilities of Kwality Overseas Private Limited.

Particulars

| Facility Rated | Previous Amount Rated (In Rs. Crs) | Present Amount Rated (In Rs. Crs) | Tenure | Previous Rating | Rating Assigned * |
|---|--|-----------------------------------|------------|---|--|
| Fund Based | | | | | |
| Cash Credit | 15.00 | 15.00 | Long Term | BWR BB <i>(Pronounced as Double B)</i> Outlook: Stable | BWR B <i>(Pronounced as Single B)</i> Outlook: Negative Downgrade |
| Non-Fund Based | | | | | |
| ILC <i>(Sub-limit to Cash Credit)</i> | (2.50) | (2.50) | Short Term | BWR A4+ <i>(Pronounced as A four plus)</i> | BWR A4 <i>(Pronounced as A four)</i> Downgrade |
| Total | Rs. 15.00 Crores (Rupees Fifteen Crores Only) | | | | |

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

Long term and short term ratings downgraded with negative outlook.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the lenders' feedback on Kwality Overseas Private Limited (KOPL or 'the company'), and were informed that the company faced liquidity issues and was often over-utilising its sanctioned cash credit limits. No current business, financial and management information was made available to us by the company, despite efforts made through email and telephonic calls, and hence BWR is unable to assess the company's current financial and business performance for FY17 and 6MFY18.

5 October 2017



Based on the lender's feedback, the long term ratings of the company are down-graded to **BWR B** from BWR BB (**Outlook: Negative**) and short term ratings downgraded to **BWR A4** from A4+

However, if the management provides the current information timely, a surveillance review of the rating would be undertaken.

Analytical Approach (Wherever applicable): Hyperlinks for the rating criteria are mentioned below.

Rating Outlook: Negative

BWR assumes that the **Kwality Overseas Private Limited's** business risk profile might have deteriorated in the past year; the client has not shared any information to undertake the mid-term review of the account. Also, since the bankers advised that the account is irregular, the outlook will remain negative till the account becomes regular as per bank's records.

About the Company

Kwality Overseas was incorporated in October 2001 at Ludhiana, Punjab, and is managed by Directors, Mr. Rakesh Kumar Goel and Mrs. Geeta Goel. The company is engaged in manufacturing of readymade garments, fabrics and made ups.

Company Financial Performance

| Particulars | Units | FY2015 (Audited) | FY2016 (Audited) |
|--------------------|---------------|-----------------------------|-----------------------------|
| Net Sales/Revenues | Rs. in Crores | 87.48 | 93.58 |
| EBIDTA | Rs. in Crores | 3.32 | 5.07 |
| PAT | Rs. in Crores | 0.99 | 1.85 |
| Tangible Network | Rs. in Crores | 12.96 | 17.78 |
| TOL : TNW | Times | 1.13 | 1.11 |
| Current Ratio | Times | 1.82 | 1.51 |

Company did not provide provisional/audited financial statements for FY-17.

Rating History for the last three years: (including withdrawn/suspended ratings)

| Sl. No. | Instrument/ Facility | Current Rating (Year 2017) | | | Rating History | | |
|----------------|---------------------------------|-----------------------------------|--------------------|--|---------------------------------------|-----------|-----------|
| | | Type | Amount (Rs Crs) | Rating | 25 October 2016 | 2015 | 2014 |
| 1 | Cash Credit | Long Term | 15.00 | BWR B Outlook: Negative | BWR BB Outlook: Stable | NA | NA |



| | | | | | | | |
|----------|--------------|---|---------------|-------------------------|----------------|--|--|
| | | | | Downgrade | | | |
| 2 | ILC | Short Term | (2.50) | BWR A4 Downgrade | BWR A4+ | | |
| | TOTAL | INR 15.00 Crores (Rupees Fifteen crores only) | | | | | |

Status of non-cooperation with previous CRA (if applicable): Reason and comments:
Not Applicable

Any other information: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratio](#)
- [Manufacturing companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

| Analytical Contacts | Media |
|--|--|
| Ashwini Mital Sr. General Manager (Ratings) | media@brickworkratings.com |
| analyst@brickworkratings.com | Relationship Contact |
| | bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and



Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.