

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 13.32 Cr of Lata Fibres Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the long-term Bank Credit Facilities of ₹ 12.72 Cr and for the short-term Bank Credit Facilities of ₹ 0.60 Cr for Lata Fibres Pvt. Ltd.

Facility	Existing Limits (₹ Cr)	Tenure	Rating
<u>Fund Based</u> CC Term Loan	6.00 6.72	Long Term	BWR B Outlook: Stable
<u>Non Fund Based</u> BG LC	0.35 0.25	Short Term	BWR A4 (BWR A Four)
Total	13.32	(INR Thirteen Crores and Thirty Two Lakhs only)	

BWR has principally relied upon the audited financial results up to FY 12, provisional financial of FY13, projected financials, publicly available information and information/clarification provided by the Company management.

The rating has inter-alia factored the promoter's extensive experience, long standing relations with repeated customer base. The rating is however constrained by relatively moderate scale of operation, working capital intensive nature of operation, high competition due to its presence in highly fragmented industry, high debt to equity ratio, weak profitability indicators and high geographical concentration.

Company Profile:

Lata Fibres Pvt. Ltd. was incorporated in the year 2000 and started its activities during the year 2001-02. It is into the business of manufacturing of polyester texturized yarn, Knitted fabrics. Additionally, the company is also engaged into trading activities. It is outsourcing the weaving process to the local weavers as the company does not have the weaving infrastructure of its own. The Company is also selling its product into overseas markets but only to the Middle Eastern countries. Primarily, it is exporting knitted fabric and dealing in manufactured yarn in the domestic market. The company's manufacturing unit is located in Silvassa and is under the process of setting up its own facility for the production of knitted fabrics.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

The Company revenue grew by approximately 7.00% to Rs 42.24 Cr in FY12 from Rs 39.48 Cr in FY11. However, as per provisional financials of FY13, the company's revenue declined to Rs 41.18 Cr. Overall profit after tax of the company stood at Rs 0.48 Cr as per provisional figures of FY13 as against the PAT of Rs 0.15 Cr in FY12 and Rs 0.51 Cr in FY11.

Rating Outlook:

Lata Fibres Pvt. Ltd has experienced promoters, and long standing relations with its customers. However, the firm has high overall gearing level, high geographical concentration, weak profitability indicators. Going forward, the ability of the company to improve its gearing levels, its revenue, profitability margins and successful implementation of its new project are the key rating sensitivities.

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