



Rating Rationale

MSP Knit Garments

18 Jun 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 15.38 Crs of MSP Knit Garments

Particulars

Facility	Previous Limits (in Crs)	Present Limits (in Crs)	Tenure	Previous Rating (22 nd May 2017)	Present rating
Fund Based					
Open Cash Credit	13.00	13.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	Reaffirmed as BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Term Loan(Proposed)	--	1.38			
Non Fund Based					
Inland Letter of Credit	1.00	1.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
TOTAL	14.00	15.38	Rupees Fifteen Crores and Thirty Eight Lakhs Only		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, and Projections up to FY18 of MSP Knit Garments, publicly available information and information/clarification provided by the Firm.

The rating has factored experience of the partners in the same line of business for more than two decades, good customer base and long track record of operations. However the ratings are constrained by moderate networth of the firm, inherent constitutional risk being a partnership firm and average financial profile of the firm.

Going forward, the ability of the firm to improve its capital structure by the timely infusion of funds, ability of the firm to sustain its revenue growth, and increasing its scale of operations will be the key rating sensitivities.



Rating Outlook: Stable

BWR believes the **MSP Knit Garments's** 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 Firm

MSP Knit Garments is a partnership firm established in the 1997, in Tiruppur, Tamil Nadu. Mr. M Ponnusamy and Mrs. P Snehalatha are the partners of the firm. The firm engaged in manufacturing and selling of cotton knitted hosiery garments to their various clients in south India.

Firm's Financial Performance

MSP Knit Garments's financial performance is marked by Net Sales of ₹75.13Cr in FY18(Provisional) as against net sales of ₹70.36Cr in FY17. The firm has reported PAT of Rs. 1.08Cr in FY17. Tangible Networth as on 31st March 2017 is Rs. 6.15Cr.

Key Financial Indicators

Particulars	FY15(Actual)	FY16 (Actuals)	FY17 (Actuals)
Net Sales (In Crs)	57.05	58.77	70.36
EBIDTA (In Crs)	2.46	2.74	3.23
PAT (In Crs)	0.58	0.59	1.08
Net worth (In Crs)	4.41	5.62	6.15
Total Debt / TNW (Times)	2.86	2.95	3.10
Current Ratio (Times)	1.18	1.35	1.32



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

S.No	Facility	FY2018			Rating History		
		Type	Amount	Rating	FY17	FY16	FY15
1	Open Cash Credit	Long Term	13.00	BWR BB- (Stable)	BWR BB- (Stable)	---	---
2	Term Loan (proposed)		1.38				
3	Inland Letter of Credit	Short Term	1.00	BWR A4	BWR A4	---	---
TOTAL			15.38	Rupees Fifteen Crores and Thirty Eight Lakhs Only			

Hyperlink/Reference to applicable Criteria

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

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For print and digital media

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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, 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.