Rating Rationale

REALKNIT FASHION

18 Jan 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 10.27 Crs of Realknit Fashion(RKF)

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating
Fund Based Term Loan - I	*0.47	Long Term	BWR B - (Pronounced as BWR B Minus) Outlook : Stable
Term Loan - II	*1.05		
Fund Based PC/PCFC/FDB/FBE	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Sub Limit : PC/PCFC	(4.00)		
Sub Limit : Stocks at IIIrd Party Processors	(0.25)		
Sub Limit : Discrepant Bills	(0.25)		
Non Fund Based Bank Guarantee	3.75		
Total	Rs. 10.27 Crores (Rupees Ten Crores and Twenty Seven Lakhs Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
* Represents present term loans outstanding

Rationale/Description of Key Rating Drivers/Rating sensitivities:
BWR has essentially relied upon the audited financials results of the firm up to FY17, Projected financials upto FY19, publicly available information and information/clarifications provided by the management.

The rating has factored Partners extensive experience in the garment manufacturing and exporting sector, established clientele and good track record of operations and comfortable coverage ratios. However, the rating is constrained by declining trend in the total revenue of the

firm, working capital intensive nature of business and constitutional risk being a partnership firm.

Rating Outlook: Stable

BWR believes the **RKF'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

Realknit Fashion is a partnership firm established in the year 1987 in Tiruppur, Tamil Nadu. The partners are Mr. K Ramasamy, Mr. K R Kumar and Mr. K R Satheesh Krishnan. The firm engaged in manufacturing and exporting of hosiery garments to USA.

Firm's Financial Performance

Net Sales has decreased from ₹13.11Cr in FY16 to ₹11.10Cr in FY17. PAT decreased in FY17 to Rs. 0.24Crs from Rs. 0.34Crs in FY16. Tangible Networth of the firm is Rs. 1.72Crs and Debt Equity ratio recorded as 4.65times in FY17. Current ratio and DSCR stands on 0.75 & 1.22 times respectively in FY17.

Key Financial Indicators

Particulars	FY15(Actual)	FY16 (Actuals)	FY17 (Actuals)
Net Sales (In Crs)	19.78	13.11	11.10
EBIDTA (In Crs)	0.98	1.24	1.89
PAT (In Crs)	0.31	0.34	0.24
Net worth (In Crs)	1.46	1.49	1.72
Total Debt / TNW (Times)	5.49	6.75	4.65
Current Ratio (Times)	1.52	1.27	0.75

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No	Instrument/Facility		Rating History					
		Type (Long Term/Short Term)	Limits in Crs	Present Rating January 2018	2017	2016	2015	2014
1	Term Loan - I	Long Term	0.47	BWR B - Outlook : Stable	--	--	--	--
2	Term Loan - II		1.05					
3	PC/PCFC/FDB/FBE	Short Term	5.00	BWR A4	--	--	--	--
4	Bank Guarantee		3.75					
	TOTAL		10.27	**(Rupees Ten Crores and Twenty Seven Lakhs Only)**				

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing sectors
- 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, 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
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