

Rating Rationale

M/s.Saravana Garments

13th April 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 5.21 Crs of Saravana Garments.

Facility Rated	Amount (in Crs)	Tenure	Rating
Fund Based Term Loan	*0.21	Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
PC/PCFC/FDB/FBE/BRD	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Sublimit : [PC/PCFC]	(3.00)		
TOTAL	5.21	Rupees Five Crores and Twenty One Lakhs Only	

Particulars

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

Represents present outstanding of term loan

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, and Projections up to FY19 of Saravana Garments, publicly available information and information/clarification provided by the Concern.

The rating has factored experience of the proprietor in textile industry, good track record of operations and availability of quality raw material, as the unit is located in Tirupur . However the ratings are constrained by moderate networth, inherent risk being a proprietorship concern, fluctuations in sales revenue and susceptibility to profit margins due to foreign exchange fluctuations.

Going forward, the ability of the concern to bring in more customers and orders, improving its profitability and capital structure will be the key rating sensitives.

Rating Outlook: Stable

BWR believes the **Saravana 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 Concern:

M/s. Saravana Garments was established in the year 2007, based in Tirupur, Tamil Nadu. Mr. S Mohan Sundaram is the proprietor of the concern. The concern engaged in manufacturing and exporting of readymade garments to the countries such as Italy, Sri Lanka and Switzerland.

Concern's Financial Performance

Net Sales of the concern for FY17 is Rs. 19.32Cr as against net sales of Rs.21.51Cr achieved in FY16. PAT of the concern is Rs. 0.42Cr in FY17. Net Worth as on 31st March 2017 is Rs. 3.76Cr. Current Ratio and debt equity ratio stands at 1.00X and 1.75X, respectively in FY17. DSCR is at 2.04X.

Key Financial Indicators

Particulars	FY15(Actual)	FY16 (Actuals)	FY17 (Actuals)
Net Sales (In Crs)	20.18	21.51	19.32
EBIDTA (In Crs)	0.66	0.88	0.87
PAT (In Crs)	0.23	0.92	0.42
Net worth (In Crs)	2.75	2.42	3.76
Total Debt / TNW (Times)	0.71	1.43	1.75
Current Ratio (Times)	1.82	1.18	1.00

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

S.No	Instrument/Facility	Tenure Type (Long Term/Short Term)	Current Rating (2018)		Rating History		
			Limits in Crs	Rating (March)	2017	2016	2015
1	Term Loan	Long Term	0.21	BWR B	--	--	--
2	PC/PCFC/FDB/FBE/ BRD	Short Term	5.00	BWR A4	--	--	--
3	Sublimit : PC/PCFC		(3.00)				
	TOTAL		5.21	Rupees Five Crores and Twenty One Lakhs Only			

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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

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