

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' rating for the Bank Loan Facilities aggregating ₹ 7.00 Cr of Saundarya Fashion Traders Pvt. Ltd

Brickwork Ratings has assigned the following **Ratings**¹ to the Bank Loan Facilities of Rs. 7.00 Crs of Saundarya Fashion Traders Pvt Ltd (SFTPL or the 'Company'):

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based *Cash Credit	7.00	Long Term	BWR BB- (Pronounced BWR Double B minus) Outlook: Stable
Total	7.00	(INR Seven Crores only)	

* Bank of Baroda sanctioned the above credit facilities and partially disbursed Rs. 4.00 Crores on 08.04.2016.

BWR has principally relied upon the audited financial results up to FY15, projected financials of FY16 & FY17, publicly available information and information/clarification provided by the Company's management.

The rating has factored, inter alia, the long-standing experience of the directors in the Saree business, consistent growth in revenue, infusion of capital and comfortable gearing levels. Moreover, the recent capex to expand the business is also expected to drive the sales growth of the Company. The rating is, however, constrained by modest scale of operations, high competition, low profitability and working capital intensive operations.

Background

Saundarya Fashion Traders Pvt Ltd was incorporated in October 2009 by Rajeev Kumar Kedia and Mitu Kedia. Subsequently, it was taken over by Umesh Bharech and later the Agarwal family took over the Company from Umesh Bharech. SFTPL is a Kolkata based company engaged in the processing and wholesale trading of Sarees and Lehngas. Its processing unit is presently located at Foreshore Road, Howrah. The Company is planning to shift its processing unit to Chandannagar which is expected to become operational by July'2016. SFTPL is also planning to open outlets at Madhyamgram and Park Street.

Management

Mr. Bimal Kumar Agarwal and his daughter-in-law, Mrs. Neha Kajaria(Agarwal), are the present directors of the Company. Mr. Rohit Agarwal, son of Mr. Bimal Kumar Agarwal, also actively manages the overall operations of the Company.

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

Financial Performance

SFTPL reported Total Operating Income of Rs. 29.80 Crores in FY15 against Rs. 21.99 Crores in FY14. As of Mar 31, 2015, tangible net worth of the Company stood at Rs. 8.25 Crores and the total debt to tangible net worth ratio stood at 0.67 times. In FY 15, the Company reported Net Profit of Rs. 0.39 Crore against Rs. 0.33 Crore in FY14.

Further, as per provisional information provided by the Company's management, the Company has achieved a turnover of Rs 33 Crores in FY16.

Rating Outlook

The outlook of the Company is expected to be stable for the next year. Going forward, the Company's ability to improve its scale of operations, profitability and efficient management of working capital shall remain the key rating sensitivities. Timely commencement of the new outlets will also be an important factor.

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