



Rating Rationale

Singhvi Fashions Pvt Ltd

28June2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 23.99 Crores of Singhvi Fashions Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based	22.30	23.99	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable	BWR D (Pronounced as BWR D-Default).
Total	22.30	23.99	INR Twenty Three Crores Ninety Nine Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of FY18, provisional results of FY 19, publicly available information and information/clarifications provided by the company's management.

BWR has received information from company's lender regarding the conduct of Company's account. The lender has confirmed that there are delays in servicing debt obligations and the account is classified as an NPA.



Description of Key Rating Drivers

Credit Strengths:

- The Adequate experience of the promoters in the industry.
- The locational advantage of the company, resulting from proximity to customers and raw material sources.

Credit Risks:

- The company is unable to service its debt obligations and is classified as an NPA by one of the bankers whereas the lead banker has restructured the account due to delays observed in repayments.
- Gearing is high with Total Debt/TNW at 5.99 times and TOL/TNW at 6.97 times in FY18.
- Cash conversion cycle is prolonged on account of higher receivable days.
- Low scale of operations of the company with declining trend in revenues since last 3 years.
- High degree of competition and fragmentation exert pressure on margins.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company

Singhvi Fashions Pvt Ltd is a private limited company established on 21st May, 2011. The company is engaged in manufacturing of grey cloth (Furnishing Segment & Sarees) at Sayan, Dist. Surat. Company has 36 rapier looms and each machine is having 96 picks. The plant has installed capacity of 300 Metres to 350 Metres of fabric / Day / Machine. The plant is located in Surat District and hence they get easy access to required raw material.

Company Financial Performance

The company has booked a revenue of Rs 23.34 crs in FY18 as against revenue of Rs 26.11 crs in FY17, a decline of 11%. Operating margins are comfortable at 20.79% in FY18, the same have improved from 15.27% in FY 17. NPM is thin at 1.31% in FY18. However company has booked losses in FY 2019.



Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	24, Jun 2019	23, March 2018	2017
1	Fund Based	Long Term	23.99	BWR D (Pronounced as BWR D-Default).	Rating Moved to Not Reviewed Category	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable	N.A
	Total		23.99	₹ Twenty Three Crores and Ninety Nine Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-N.A

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	23.34	26.11
EBITDA	₹ Cr	4.85	3.99
PAT	₹ Cr	0.31	-0.54
Tangible Net worth	₹ Cr	4.22	4.56
Total Debt/Tangible Net worth	Times	5.99	5.60
Current Ratio	Times	1.53	1.90

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)



For any other criteria obtain hyperlinks from website

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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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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