
Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.25 Crores of Thirumurugan Fabrics.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	8.02	Long Term	BWR B (Pronounced as BWR Single B) (Outlook: Stable)
Non Fund Based	0.23	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	8.25	INR Eight Crores and Twenty Five 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 essentially relied upon the firm's audited financial statements upto FY18 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from comfortable debt protection metrics. However, the rating is constrained by high gearing ratio, low tangible net worth and liquidity. Further being a partnership firm, any withdrawals of the capital by the partners for any contingencies would adversely impact the capital structure which would be a rating sensitivity.

Going forward, the ability of the firm to increase its operating margins, profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Comfortable Debt Protection Metrics:** ISCR and DSCR are moderate at 2.63 times and 2.15 times respectively in FY18

Credit Risks:

- **High Gearing Ratio:** Gearing ratio is on the higher side at 1.67 times in FY17 and 2.21 times in FY18
- **Low Tangible Net worth:** Tangible Net worth of the firm is low at Rs.2.60Cr in FY17 and Rs.2.63Cr in FY18
- **Liquidity:** Current ratio is low at 0.72 times in FY17 and 0.88 times in FY18
- **Constitution of the entity as a partnership firm:** Thirumurugan Fabrics being a partnership firm, is exposed to inherent risk of capital withdrawal at the time of personal contingency which will affect its capital structure

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).

Rating Outlook: Stable

BWR believes the **Thirumurugan Fabrics** 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

Thirumurugan Fabrics is a partnership firm situated at Coimbatore, Tamil Nadu and established in 2015. Mr.Sathish kumar and Mr.Dinesh kumar are the partners of the firm. The firm manufactures fabrics of various types such as cotton as viscose. Yarn is the raw material used. Based on clients requirements, fabric is woven into different designs like sateen, plain, twill etc .,

Firm sells its products to various regions viz New Delhi, Ahmedabad and some parts of South India. The firm has twenty looms out of which ten are for manufacturing viscose and ten are for manufacturing cotton fabrics. Operating capacity of viscose looms is 6000m per day and that of cotton looms is 3200m per day

Financial Performance of the firm

The firm's net revenue from operations is Rs.11.13Cr in FY18 and Rs.2.98Cr in FY17. Net profit margin reported at 0.74% in FY18. Tangible net worth stood at Rs.2.63Cr as at the end of March 31, 2018

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	11.13	2.98
EBITDA	₹ Cr	0.96	0.89
PAT	₹ Cr	0.08	0.01
Tangible Net worth	₹ Cr	2.63	2.60
Total Debt/Tangible Net worth	Times	2.21	1.67
Current Ratio	Times	0.88	0.72

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
	Cash Credit	Long Term	4.00	BWR B (Pronounced as BWR Single B) (Outlook: Stable)	NIL	NIL	NIL
	Term Loan	Long Term	4.02		NIL	NIL	NIL
	Bank Guarantee	Short Term	0.23	BWR A4 (Pronounced as BWR A Four)	NIL	NIL	NIL
	Total		8.25	₹ Eight Crores and Twenty Five Lakhs Only			



Hyperlink/Reference to applicable Criteria

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

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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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