



Rating Rationale

Thirumurugan Tex

31 March 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 6.50 Crs of Thirumurugan Tex

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating
Fund Based			BWR B+ (Pronounced BWR B Plus)
Term Loan	0.50	Long Term	Outlook: Stable
Packing Credit	3.50	Short Term	BWR A4 (Pronounced as BWR A Four)
FDBP / FBUP	2.50		
Total	6.50		(INR Six Crores and Fifty 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 principally relied upon the audited financial results up to FY16 and Projections for FY17 of Thirumurugan Tex, publicly available information and information/clarification provided by the firm.

The ratings draw strength from the extensive industry experience of the promoters, established track record of operations, diversified product portfolio and growth in income. The ratings are, however, constrained by Thirumurugan Tex moderate scale of operations, intense competition in the export market of ready-made garments, moderate net worth, limited pricing flexibility on account of competition from international players, geographical and customer concentration in revenue and susceptibility of earnings to foreign exchange fluctuations.



The ability of the firm to increase its scale of operations, sustain profitability margins while the volatility in raw material prices, exchange rates, Brexit impact on Indian exports to EU and managing the working capital would be the key rating sensitives.

Rating Outlook: Stable

BWR believes the **Thirumurugan Tex** 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 Company

Thirumurugan Tex, a partnership firm established in the year 2000 at Tirrupur, Tamilnadu. Engaged in manufacturing of knitting & Fashion wears. They have 4 divisions - Production Dept, Knitting & Spinning division, Embroidery division and MHM Printing Division They produce products like Polar Fleece, Dyed Checks, Fancy and Mesh Jacquards. The total Production Capacity is 3,500 – 6,000 (For Adult wears) 5,000 – 6,000 (For Kids) per day and Total No of workers are Regular – 150 Temporary – 50

Company Financial Performance

Total Operating Income is ₹24.90 Cr in FY16. Net profit of the firm in FY16 is ₹1.23Cr. The firm net worth stood at ₹5.63 Cr in FY16.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Rating History					
		Type (Long Term/Short Term)	Amount (Rs Crs) Present	Rating	2016	2015	2014
1.	Term Loan	Long Term	0.50	BWR B+	NA	NA	NA
2.	Packing Credit	Short Term	3.50	BWR A4	NA	NA	NA
3.	FDBP / FUBP	Short	2.50	BWR A4	NA	NA	NA



		Term					
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Hyperlink/Reference to applicable Criteria

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any

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