

Rating Rationale

Tripurari Garments Pvt. Ltd.

15 Jun 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 6.82 Crores of Tripurari Garments Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2017)	Present
Fund based Limits					
Term Loans	0.47	0.22	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable Upgraded
PC/PCFC	6.60	6.60	Short Term	BWR A4 (Pronounced as BWR Single A Four)	BWR A4+ (Pronounced as BWR Single A Four Plus) Upgraded
Total	7.07	6.82	INR Six Crores and Eighty Two Lakhs Only		

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

Note: Term Loan - O/s amount as on 5.6.2018

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials upto FY17, Revenues recorded in provisionals of FY18 certified by management, publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the promoters, visible revenue growth Y-O-Y, satisfactory interest coverage ratio and increased net profit margin. However, the ratings are constrained by decline in operating profit margin, low net worth leading to high gearing, high conversion cycle,



foreign currency price risk, working capital intensive nature of operations and highly competitive nature of industry.

Description of Key Rating Drivers

- **Credit Strengths:** Promoters are having more than a 20 years of experience in the textile industry, revenue increased from Rs. 28.13 Crs in FY16 to Rs. 32.38 Crs in FY17 and further increased to Rs. 43.46 Crs in FY18(Provisionals), interest coverage ratio at 1.69 times in FY17 and profit margins increased from 0.20% in FY16 to 0.77 % in FY17.
- **Credit Risks:** Operating profit margin declined from 4.19% in FY16 to 3.78% in FY17, net-worth is at Rs. 5.44 Crs & gearing ratio is at 1.60 times in FY17, conversion cycle is 183 days in FY17 and foreign currency price risk since no hedging policy.

Going forward, the ability of the company to further increase its scale of operations, with improved profits and profitability margins, efficiently manage its working capital and timely servicing of debt will be the key rating sensitivities.

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 **Tripurari Garments Pvt. Ltd.** 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

Tripurari Garments Private Limited (TGPL) is a private limited, which was incorporated and commenced operations in June, 2010. TGPL is promoted by Mr. Balvinder Kumar and two brothers, Mr. Suraj Parkash Sharma & Mr. Pawan Kumar with other family. TGPL is engaged in manufacturing of garments for 0-12 age year's group and its corporate office & manufacturing unit are located in Ludhiana, Punjab. The group company, M/s.Jagdambay Exports is having more than 25 years of experience in the area of manufacturing and exporting garments.

Company Financial Performance

The company is reported a total operating income of Rs.32.28 Crores in FY17 and Rs.28.13Crores in FY16. As at FY17, the domestic sale is Rs.12.18 Crs and export sale of Rs.18.99 Crs Based on FY18



provisional, revenue achieved of Rs. 43.46 Crs. Operating and net profit margins reported at 3.78% and 0.77% in FY17 as against 4.19% and 0.20% in FY16. Tangible net-worth of the company stood at Rs.5.44 Crs in FY17. The company's debt/ equity is of 1.60 times in FY17

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History			
		Type	Amount (₹ Crs)	Rating	26.9.2017	16.3.2017	30.12.2016	9.1.2015
1	Fund Based	Long Term	0.22	BWR BB (Pronounced as BWR Double B) Outlook: Stable Upgraded	BWR BB-	BWR B+	Not Reviewed	BWR B+
2		Short Term	6.60	BWR A4+ (Pronounced as BWR Single A Four Plus) Upgraded	BAR A4	BWR A4	Not Reviewed	BWR A4
Total			6.82	₹ Six Crores and Eighty Two Lakhs Only				

Status of non-cooperation with previous CRA (if applicable)- Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs In Crs	32.38	28.13
EBITDA	Rs In Crs	1.22	1.18
PAT	Rs In Crs	0.25	0.06
Tangible Net worth	Rs In Crs	5.44	2.71
Total Debt/Tangible Net worth	Times	1.60	4.23
Current Ratio	Times	1.41	1.30

Hyperlink/Reference to applicable Criteria

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

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 express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.