

Press Release

Tigerhill Vintrade Private Limited (TVPL)

31 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 20.00 Cr
Long Term Rating	SMERA BB-/Stable (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the long term bank facilities of Tigerhill Vintrade Private Limited (TVPL). The outlook is '**Stable**'.

TVPL, is a Kolkata-based wholesaler of pulses, food grains and spices. The company was promoted by Mr. H.P. Tekriwala and the overall operations are managed by the Directors, Mr. Vivek Tekriwala and Mr. Uma Shankar Singhal.

List of key rating drivers and their detailed description

Strengths:

Experienced management and long track record of operations: TVPL was established in 1961. The Directors possess more than five decades of experience in the trading of pulses, food grains and spices.

Improvement in revenues: The company has registered revenue of Rs.135.09 crore in FY2016 as against Rs.100.63 crore in FY2015 achieving a growth of 34.24 per cent in FY2016 as against 22.58 percent in the previous year.

Established relations with customers and suppliers: The company has been in the business since the past five decades and has established long term relations with customers and suppliers. The company caters largely to the states of West Bengal and Assam.

Comfortable working capital cycle: TVPL's comfortable working capital cycle is marked by gross current days of 64 in FY2016 as against 53 days in FY2015. This is mainly on account of low inventory and debtor days of 14 and 46 respectively in FY2016.

Weaknesses:

High volume low margin business: TVPL trades in large volumes. However, due to the trading nature of business, the margins are thin.

Weak financial risk profile: The moderate financial risk profile is marked by low net worth base of Rs.4.95 crore, high debt-equity (gearing) of 3.65 times, low interest coverage of 1.58 times and DSCR of 1.41 times as on 31 March, 2016.

Exposure to risks related to agro-climatic conditions: The company is exposed to risks related to agro-climatic conditions. Any such change may disturb the supply chain.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of TVPL.

Applicable Criteria

- Trading Entities- <https://www.smera.in/criteria-trading.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that TVPL will benefit from the promoter's extensive experience and established relations with customers over the medium term. The outlook may be revised to 'Positive' if the company is able to improve the capital structure and increase scale of operations. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenues, profitability or if the capital structure further deteriorates.

About the Rated Entity

TVPL, established in 1961 is a Kolkata-based wholesaler of pulses, food grains and spices. The company was promoted by Mr. H.P. Tekriwala and the overall operations are managed by the Directors, Mr. Vivek Tekriwala and Mr. Uma Shankar Singhal. The warehousing facilities are located in Dhulagarh, West Bengal.

For FY2016, TVPL reported profit after tax (PAT) of Rs.0.66 crore on total operating income of Rs.135.09 crore, as compared with PAT of Rs.0.46 crore on total operating income of Rs.100.63 crore in FY2015.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities				2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit*	LT	18.00	SMERA BB-/Stable (Assigned)	21 Nov, 2016	SMERA BB-/Stable (Suspended)	31 July, 2015	SMERA BB-/Stable (Assigned)	-	-
Proposed Facility	LT	2.00	SMERA BB-/Stable (Assigned)	21 Nov, 2016	SMERA BB-/Stable (Suspended)	31 July, 2015	SMERA BB-/Stable (Assigned)	-	-

*Includes letter of credit of Rs 3.00 crore as a sub-limit

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit*	NA	NA	NA	18.00	SMERA BB-/Stable (Assigned)
Proposed Facility	NA	NA	NA	2.00	SMERA BB-/Stable (Assigned)

*Includes letter of credit of Rs 3.00 crore as a sub-limit

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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