

Press Release

Tigerhill Vintrade Private Limited

September 18, 2018



Rating Downgraded and Assigned

Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE D (Downgraded from BB-)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D**' (**read as ACUITE D**) from previous of '**ACUITE BB-**' (**read as ACUITE double B minus**) to the previous rated bank facilities of Rs.18.00 crores and assigned the long term rating of '**ACUITE D**' (**read as ACUITE D**) for additional bank facilities of Rs. 2.00 crores for Tigerhill Vintrade Private Limited (TVPL).

Tigerhill Vintrade Private Limited (TVPL) established in 1961 is a Kolkata-based company engaged in wholesale 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 among others. The warehousing facilities are located in Dhulagarh, West Bengal. The company caters largely to the states of West Bengal and Assam.

The downgrade in TVPL rating is due to the delays in servicing of existing debt obligations by the company.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of TVPL for arriving at the rating.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

TVPL was established in 1961 and has established its market presence over the years. Further company has been in the business since the past five decades and has established long term relations with customers and suppliers. The Directors of the company possess more than five decades of experience in the trading of pulses, food grains and spices.

- **Modest financial risk profile**

The modest financial risk profile is backed by moderate net worth of Rs.5.47 crore in FY2018 as compared to Rs.5.05 crore in FY2017 mainly on account of retention of current year's profit. The Gearing of the company has improved but remains high at 3.30 times in FY2018 as compared to 3.58 times in FY2017. The Interest Coverage Ratio has improved to 1.26 times in FY2018 from 1.07 times in FY2017. The TOL/TNW stood high at 3.50 times in FY2018 and from 3.75 times in FY2017.

Weaknesses

- **Average working capital cycle**

The moderate working capital cycle is marked by Gross Current Asset (GCA) days of 64 days in FY2018 and 63 days in FY2017. The GCA is supported by high debtor days of 53 days in FY2018 and 52 days in FY2017. The bank utilization limit is almost fully utilized for last six months ending august 2018.

- **Low margin high volume business**

TVPL trades in large volumes and margins remain thin at operating as well as net profit level. However, due to the trading nature of business the margins remain thin, resulting in low net cash accruals generation.

• **Exposure to risks related to agro-climatic conditions:**

The company is in trading of pulses, food grains and spices which is exposed to risks related to agro-climatic conditions. Any adverse change may disturb the supply chain and impact revenue.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	138.90	137.64	135.09
EBITDA	Rs. Cr.	3.06	2.63	2.69
PAT	Rs. Cr.	0.42	0.10	0.66
EBITDA Margin	(%)	2.20	1.91	1.99
PAT Margin	(%)	0.30	0.08	0.49
ROCE	(%)	12.99	11.30	14.10
Total Debt/Tangible Net Worth	Times	3.30	3.58	3.65
PBDIT/Interest	Times	1.26	1.07	1.59
Total Debt/PBDIT	Times	5.91	6.87	6.72
Gross Current Assets (Days)	Days	64	63	64

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
29-Mar-2018	Cash Credit	Long Term	18.00	ACUITE BB- Issuer not co operating
	Proposed Working Capital Demand Loan	Long Term	2.00	ACUITE BB- Issuer not co-operating
31-Jan-2017	Cash Credit	Long Term	18.00	ACUITE BB- / Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	2.00	ACUITE BB- / Stable (Assigned)
21-Nov-2016	Cash Credit	Long Term	10.00	ACUITE BB- / Stable (Suspended)
	Proposed Cash Credit	Long Term	10.00	ACUITE BB- / Stable (Suspended)

***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	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE D (Downgraded)
Proposed Facility	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE D (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-67141111 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Rupesh Patel Analyst - Rating Operations Tel: 022-67141320 rupesh.patel@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.