

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

Acuite 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

Acuite 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

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About Acuité Ratings & Research:

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