

Trisha Trends Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Proposed Cash Credit	6.00	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** to the above mentioned bank facility of Trisha Trends Private Limited (Trisha Trends). The outlook is '**Stable**'. The rating draws comfort from the experienced management and moderate financial risk profile. However, the rating is constrained by the modest scale and nascent stage of operations. The rating also factors in the uneven profit margins and working capital intensive operations.

Trisha Trends, incorporated in 2011 is engaged in the manufacturing and trading of ladies garments. The company is headed by Mrs. Amrita Mishra, the Managing Director who possesses experience of around 15 years in the business. The moderate financial risk profile is marked by moderate interest coverage ratio of 1.50 times in FY2016 and gearing of 0.86 times as on 31st March, 2016. The net worth of the company stands at Rs.3.00 crore as on March 31, 2016. The return of capital employed stands at 10.58 per cent as on 31st March, 2016. As informed by the management, the average CC utilisation is 90 per cent.

However, the company has limited track record of operations. The company operates at small scale of operations with operating income of Rs.12.77crore in FY2015-16. The EBITDA margin of TTPL has been uneven. In FY2014 it stood at 5.44 per cent, in FY2015 it was 4.04 per cent and in FY2016 it is 5.92 per cent. The uneven margins are due to fluctuations in raw material prices. The PAT margin stands at 0.36 per cent in FY2016, 0.16 per cent in FY2015 and 2.18 per cent in FY2014. The operations are working capital intensive as reflected in the Gross current asset days of 248 in FY2016 on account of high inventory days.

Rating Sensitivity Factors

- Scaling up operations while improving profit margins
- Efficient working capital management

Criteria applied to arrive at the rating:

- Manufacturing Entities

Outlook-Stable

SMERA believes that Trisha Trends will maintain a 'Stable' outlook in the medium term and benefit from its experienced management. The outlook may be revised to 'Positive' if the scale of operations increases substantially while also maintaining operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Company

Trisha Trends, incorporated in 2011 is engaged in the manufacturing and trading of ladies garments in Hyderabad. The day-to-day operations are managed by Mrs. Amrita Mishra with 15 years of experience in the business.

For FY2015-16, the company reported net profit of Rs.0.05 crore on operating income of Rs.12.77 crore, as compared with profit after tax of Rs.0.02 crore on operating income of Rs.12.44 crore in FY2014-15.

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ABOUT SMERA

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