

Press Release

Snowbird Marketing Private Limited (SMPL)

May 22, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.8.31 Crore
Long Term Rating	SMERA BB-/Stable (Assigned)

*Refer Annexure for details

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the above mentioned bank facilities of Snowbird Marketing Private Limited (SMPL). The outlook is '**Stable**'.

Snowbird Marketing Private Limited (erstwhile Freebird Marketing Private Limited (FMPL), a Delhi based company was incorporated in 2008 by Mr. Vishal Jain and Mrs. Urmila Jain (mother of Mr. Vishal Jain). The company is engaged in the business of trading of fabric mainly used for curtains and sofa. The company operates mainly in North India. Currently, the day to day operations are managed by Mr Vishal Jain, director.

List of Key Rating Drivers and their detailed description

Strengths:

Experienced Management: The directors of the company Mr. Vishal Jain and Mrs. Urmila Jain have experience of over a decade in the trading line of business.

Moderate financial risk profile: The moderate financial risk profile is marked by moderate net worth of Rs.5.22 cr. as on March 2016 as compared to Rs.5.02 cr as on March 2015. The gearing has been moderate at 1.59 times in FY'16 as compared to 1.36 times in FY'15. The total debt comprises of working capital facility of Rs 8.28 crore as on March 2016. The interest coverage ratio of the company has marginally declined and stood at 1.31 times in FY 2016 as against 1.32 in FY 2015. The interest coverage ratio of the company has marginally declined on account of decline in profitability of the company. The TOL/TNW of the company stood at 1.66 times in FY 2016 as compared to 1.44 times in FY 2015. SMERA believes that company will maintain the moderate financial risk profile over the medium term backed by experienced management and moderate debt protection metrics.

Weaknesses:

Thin profitability margins: Due to trading nature of operations, the profitability margins of the company are at low levels with operating and PAT margins of 1.26 per cent and 0.22 per cent respectively, in FY16 as compared to the operating and PAT margins of 1.33 percent and 0.23 percent respectively, in FY15.

Stretched liquidity: The liquidity position of the firm is stretched as the cash credit limit is utilized around 95 percent during the last six months ended March, 2017.

Competitive and fragmented nature of the industry: Company is exposing to competition from presence of several players in fabric industry coupled with minimal entry barrier and regulations.

Analytical approach: SMERA has considered the standalone and business risk profile of SMPL.

Applicable Criteria

- Trade 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 SMPL will maintain a stable business risk profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case there is a marked improvement in debt protection metrics, and liquidity profile of the company. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and/or any deterioration in profitability profile leading to decline in debt protection metrics.

About the company

Snowbird Marketing Private Limited (erstwhile Freebird Marketing Private Limited (FMPL), a Delhi based company was incorporated in 2008 by Mr. Vishal Jain and Mrs. Urmila Jain (mother of Mr. Vishal Jain). The company is engaged in the business of trading of fabric mainly used for curtains and sofa. The company operates mainly in North India. Currently, the day to day operations are managed by Mr Vishal Jain, director.

In FY2015-16 the company has achieved the operating income of Rs.94.29 crore in with the Profit After Tax (PAT) of 0.20 crore as compared to the operating income of Rs. 92.62 crore with PAT of 0.21 crore a year earlier. The Net worth of the firm stands Rs.5.22 crore as on 31st March 2016 as compared to 5.02 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Non availability of information

Any other information: NA

Rating History for the last three years:

Not Applicable

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	8.30	SMERA BB-/Stable (Assigned)
Term Loan	N.A	N.A	Not Available	0.01	SMERA BB-/Stable (Assigned)

Note on complexity levels of the rated instrument:

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

Contacts:

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ABOUT SMERA

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