

Press Release

Tec Line Industries

March 29, 2019

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 20.80 Cr.
Long Term Rating	ACUITE B / Outlook: Stable (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 20.80 crore bank facilities of Tec Line Industries (TLI). The outlook is '**Stable**'.

The Gujarat-based TLI, a partnership firm was established in February, 2017 by their partners, Mr. Yogin R. Pambhar, Mr. Rameshbhai D Pambhar, Mr. Akshar R Pambhar, and Mrs. Jayshreeben R Pambhar. The firm is engaged in manufacturing of Cast PE breathable, and Cast PE non-breathable films.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of TLI to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The partner of TLI, Mr. Yogin Pambhar along with Mr. R. K. Kapila conducted a two-year survey in Germany and Taiwan regarding the prospects of the business. Mr. R. K. Kapila, one of the key management personnel has experience of 35 years in this line of business through association with DCM Chemicals, Perfetti Van Melle, Moroe USA, U Flex, and many more.

Weaknesses

- **Nascent stage and modest scale of operations**

The firm is at nascent stage of operations and has modest scale of operations with revenue in the range of around Rs1.39 crore during April to December 2018 (Provisional). The company was supposed to start its operations from March 2018, however had to delay the same to August 2018 because of a delay in installation and trial run of Plant and Machinery.

- **Moderately intensive competition**

The firm is engaged in the manufacture of breathable and non-breathable films with moderately intense competition from the unorganised segment. This will lead to low bargaining power over pricing and further would cap the growth and margins of the company.

Liquidity Position:

Liquidity of TLI is expected to be insufficient in terms of net cash accruals to meet their current portion of long term debt obligations. However, Acuité believes that the promoters would infuse funds to honour their debt repayment obligations in a timely manner.

Outlook: Stable

Acuite believes that the outlook on TLI's rated facilities will remain 'Stable' over the medium term on account of its managements' knowledge about the industry. The outlook may be revised to 'Positive' in case of growth in operating revenue. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in financial risk profile.

About the Rated Entity - Key Financials

Not Applicable as the operations commenced in August 2018.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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. Cr.)	Ratings/Outlook
24-Jan-2018	Term Loan	Long Term	17.80	ACUITE B / Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE B / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	17.80	ACUITE B / Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable (Reaffirmed)

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About Acuité Ratings & Research:

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