

Press Release

The Tripura Flour Mills (TTFM)

04 May, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00 Cr.
Short Term Rating	SMERA BB/Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of **'SMERA BB' (read as SMERA double B)** on the Rs. 12.00 crore bank facilities of 'The Tripura Flour Mills.' The outlook is 'Stable.'

The Tripura Flour Mills (TTFL) was established in the year of 2002 by Mr. Debashish Swami, Mr. Debojyoti Swami, Ms. Debomitra Swami and Ms. Shyamashree Swami. The company is engaged in manufacturing of flour with an installed capacity of 220 MT per day with their unit in Dharmanagar district of Tripura. Besides, the company also provides cold storage facility with 5000 MT capacity.

Key Rating Drivers

Strengths

• Experienced management

The partners of Mr. Debashish Swami, Mr. Debojyoti Swami, Ms. Debomitra Swami and Ms. Shyamashree Swami have experience of more than a decade in processing of flour and manufacturing of flour products.

• Above average financial risk profile

The above average financial risk profile of the company is marked by moderate network, comfortable gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.16.16 crore in FY2017 as compared to Rs.9.87 crore in FY2016. The net worth of the company has increased due to retention of current year profit and infusion of money in form of equity. The gearing of the company stood comfortable at 0.70 times in FY2017 as compared to 0.80 times in FY2016. The total debt of Rs.11.37 crore consists of long term debt of Rs.4.64 crore, short term rating of Rs.5.20 crore and unsecured loan from promoters of Rs.1.53 crore. The interest coverage ratio (ICR) of the company stood healthy at 3.25 times in FY2017 as compared to 4.59 times in FY2016. The debt service coverage ratio (DSCR) of the company stood comfortable at 1.79 times in FY2017 as compared to 2.42 times in FY2016. The net cash accruals against the total debt stand comfortable at 0.23 times in FY2017 as compared to 0.48 times in FY2016.

Weaknesses

• Moderate scale of operation

The scale of operation stood moderate at Rs.39.96 crore in FY2017 as compared to Rs.38.00 crore in FY2016. The company has booked Rs.40.00 crore till March in FY2017-18 (Provisional).

• Working capital intensive nature of operation

TTFM's nature of operations is working capital intensive marked by high Gross Current Asset (GCA) days of 129 days and 69 days in FY2017 and FY2016 respectively. Such high GCA days are mainly due to high inventory days of 76 days in FY2017. This is mainly due to inherent nature of cold storage business. The company also has to maintain significant amount of raw materials inventory due to volatility in raw material prices. The debtors stood at 21 days and 41 days in FY2017 and FY2016

respectively.

Analytical Approach

For arriving at the ratings SMERA has considered the standalone financial performance and financial risk profile of TTFM.

Outlook: Stable

SMERA believes TTFM will continue to benefit over the medium term from its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues while achieving while maintaining financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the projected revenues, or in case of deterioration in the company's financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	39.96	38.00	30.02
EBITDA	Rs. Cr.	3.45	4.73	1.61
PAT	Rs. Cr.	1.23	2.19	0.39
EBITDA Margin	(%)	8.64	12.45	5.36
PAT Margin	(%)	3.08	5.77	1.31
ROCE	(%)	10.58	17.22	11.79
Total Debt/Tangible Net Worth	Times	16.16	9.87	7.44
PBDIT/Interest	Times	3.25	4.59	2.72
Total Debt/PBDIT	Times	3.00	1.63	5.87
Gross Current Assets (Days)	Days	129	69	104

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto 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	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BB/Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA BB/Stable

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91 22 6714 1107 suman.chowdhury@smera.in Abhishek Dey Executive Analyst - Rating Operations Tel: +91 33 6620 1208 abhishek.dey@smera.in	Varsha Bist Manager - Rating Desk Tel: +91 22 6714 1160 varsha.bist@smera.in

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