

Press Release

Tristar Intercontinental Private Limited

March 15, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 25.00 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4** (read as ACUITE A four)' on the Rs. 25.00 crore bank facilities of Tristar Intercontinental Private Limited. The outlook is '**Stable**'.

The Mumbai based, Tristar Intercontinental Private Limited (TIPL) was incorporated in 1985. The company was initially engaged in trading of iron and steel products and machineries. Since 2011, the company has been engaged in trading of wool. The company imports wool from Australia, New Zealand and China among other countries and sells them locally. The total import constitutes to ~90 percent of total purchases. The company is promoted by Miss. Sargam Pawan Aggarwal (Managing director) and Mrs. Shashi Lata Aggarwal.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of TIPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

TIPL was incorporated in 1985, having an operational track record of over three decades. The Directors have extensive experience in the aforementioned line of business. Mr. Pawan Aggarwal (CEO) has been with the company since its inception which has helped TIPL to maintain relations with its suppliers and customers.

- **Growth in revenues**

The revenue of TIPL has grown at a CAGR of ~47 per cent from FY2015 to FY2018. The revenues stood at Rs.82.11 crore for FY2018 as against Rs.25.72 crore in FY2015. The growth in revenues in FY2018 is majorly on account of high orders received by the company. Acuité believes the company's revenues are expected to increase in near to medium term.

Weaknesses

- **Thin profitability**

Having said that the company is engaged in trading industry, the EBITDA margins stood thin at 1.31 percent in FY2018 as against 0.93 percent in FY2017 and 0.29 percent in FY2016. PAT margins are also low at 0.50 percent in FY2018 as against 0.38 percent in FY2017.

- **Customer concentration risk**

The company is exposed to customer concentration risk with 70-80 percent of revenue generation from Indoworth India Limited. TIPL caters to one more customer, namely, Uniworth Limited and generates 10-15 percent of revenues from them.

- **Foreign exchange fluctuation risk**

The company is exposed to foreign exchange fluctuation risk as it generates around 15 percent of its revenue by exporting yarn in Japan. However, the company has signed a contract with the party to

pay the amount at the price on date of delivery.

Outlook: Stable

Acuité believes that TIPL will maintain a 'Stable' outlook over the medium term and continue to benefit from its experienced management and long-standing relations with its customers and suppliers. The outlook may be revised to 'Positive' if there is an improvement in the capital structure, or shortening in working capital cycle. Conversely, the outlook may be revised to 'Negative', in case of deterioration in profitability margins, or lower than expected cash accruals or adversely impacting its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	82.11	53.30	58.50
EBITDA	Rs. Cr.	1.07	0.50	0.17
PAT	Rs. Cr.	0.41	0.20	0.20
EBITDA Margin	(%)	1.31	0.93	0.29
PAT Margin	(%)	0.50	0.38	0.34
ROCE	(%)	39.79	25.40	26.28
Total Debt/Tangible Net Worth	Times	0.06	0.02	0.24
PBDIT/Interest	Times	2.09	1.96	1.73
Total Debt/PBDIT	Times	0.14	0.07	0.70
Gross Current Assets (Days)	Days	227	9	78

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>
- 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)

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
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITE A4
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4
Letter of credit	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE A4

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About Acuité Ratings & Research:

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