

Trend Setters International: Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings
Export Packing Credit/Packing Credit in Foreign Currency	3.00	SMERA A3 (Reaffirmed)
Export Packing Credit/Packing Credit in Foreign Currency	7.00	SMERA A3 (Reaffirmed)
Bill Purchase	4.00	SMERA A3 (Reaffirmed)
Bill Purchase	1.00	SMERA A3 (Reaffirmed)
Bank Guarantee	0.25	SMERA A3 (Reaffirmed)
Inland Letter of Credit	3.00	SMERA A3 (Reaffirmed)
Proposed Export Packing Credit	1.91	SMERA A3 (Reaffirmed)
Proposed Long Term	1.84	SMERA BBB-/Stable (Reaffirmed)

SMERA has reaffirmed the ratings of '**SMERA A3**' (read as **SMERA A three**) and '**SMERA BBB-**' (read as **SMERA triple B minus**) on the abovementioned bank facilities of Trend Setters International (TSI). The outlook is '**Stable**'.

The rating is supported by the firm's established operations and experienced management. The rating also draws comfort from the healthy financial risk profile supported by low gearing, healthy interest coverage and DSCR. However, the ratings are constrained by the foreign exchange fluctuation risk and exposure to intense competition in the textile industry.

Update

TSI is engaged in the manufacture and export of readymade woven garments for women and children since 1986. The healthy financial risk profile is healthy marked by low gearing (debt-to-equity) of 0.87 times in FY2016 as compared to 0.83 times in FY2015. The interest coverage ratio stands at 2.51 times in FY2016 as against 2.61 times in the previous year. The net profitability stands at 4.04 percent this year as against 4.17 times in FY2015. The DSCR stands at 2.51 times as compared to 2.25 times last year.

The firm caters to several reputed customers such as Super Dry (UK), Fifty Factory (Spain), Andrea (Mexico), Palacio (Mexico) to name a few. TSI benefits from its experienced management. Mr. Sudhir Sekhri and Mrs. Pinky Sekhri, Partners, have around two decades of experience in the textile industry. However, the profitability margins remain susceptible to fluctuations in forex rates. Besides, the firm faces intense competition from several players in the textile industry.

Outlook - Stable

SMERA believes that the firm will continue to maintain a stable outlook owing to the management's extensive experience in the textile industry and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Criteria applied to arrive at the rating:

- Manufacturing Entities

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability and capital structure
- Managing exchange rate risk

About the Firm

TSI, established in 1986, is a Gurgaon-based partnership firm promoted by Mr. Sudhir Sekhri and Mrs. Pinky Sekhri. The firm is engaged in the manufacture and export of readymade woven garments for women and children and has recently ventured into the manufacture of knitted garments.

For FY2015-16, the firm reported profit after PAT of Rs.3.78 crore on operating income of Rs.93.50 crore as compared with PAT of Rs.4.11 crore on operating income of Rs.98.56 crore in FY2014-15. The net worth stood at Rs.15.52 crore as on March 31, 2016 against Rs.13.88 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating/ Outlook
			Long Term	Short Term	
03 December, 2015	Term Loan	1.84	SMERA BBB- (Upgraded)	-	Stable
	Export Packing Credit/ Packing Credit in Foreign Currency	3.00	-	SMERA A3 (Upgraded)	-
	Export Packing Credit/ Packing Credit in Foreign Currency	7.00	-	SMERA A3 (Upgraded)	-
	Bill Purchase	4.00	-	SMERA A3 (Upgraded)	-
	Bill Purchase	1.00	-	SMERA A3 (Upgraded)	-
	Bank Guarantee	0.25	-	SMERA A3 (Upgraded)	-
	Inland Letter of Credit	3.00	-	SMERA A3 (Upgraded)	-
	Proposed Export Packing Credit	1.91	-	SMERA A3 (Upgraded)	-
11 November, 2015	Term Loan I	0.28	SMERA BB (Upgraded)	-	Stable
	Term Loan II	1.88	SMERA BB (Upgraded)		Stable
	EPC/PCFC	3.00	-	SMERA A4+ (Upgraded)	-
	EPC/PCFC	7.00	-	SMERA A4+ (Upgraded)	-
	Bill Purchase	4.00	-	SMERA A4+ (Upgraded)	-
	Bill Purchase	1.00	-	SMERA A4+ (Upgraded)	-
	Bank Guarantee	0.25	-	SMERA A4+	-

				(Upgraded)	
	Inland Letter of Credit	3.00	-	SMERA A4+ (Upgraded)	-
	Proposed Export Packing Credit	1.59	-	SMERA A4+ (Upgraded)	-
17 January, 2014	Term Loan	2.85	SMERA B+ (Assigned)	-	Stable
	EPC/PCFC	8.00	-	SMERA A4 (Assigned)	-
	EPC/PCFC	5.00	-	SMERA A4 (Assigned)	-
	Ad-hoc packing credit Limit	1.00	-	SMERA A4 (Assigned)	-
	Letter of Credit	3.00	-	SMERA A4 (Assigned)	-
	Bank Guarantee	0.25	-	SMERA A4 (Assigned)	-
	Proposed Enhancement of EPC	1.90	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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