

Windeson Trademart Private Limited

November 18, 2020

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term/Short Term Bank Facilities	12.00	IVR BB+/Stable Outlook & IVR A4+ (IVR Double B Plus with Stable Outlook & IVR Single A Four Plus)	Assigned
Total	12.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Windeson Trademart Private Limited takes into account its long track record of operations under an experienced management, proximity to raw materials & moderate capital structure and debt protection metrics. Further, the ratings also derive comfort from its sustained performance during FY20 (Provisional). These rating strengths partially offset by moderation in total operating revenue in FY20 (Provisional) along with moderation in H1 FY21 (Provisional), Geographical concentration and Intense competition prevalent in the textile industry and availability of other substitute.

Key Rating Sensitivities:

Upward Factors:

- Sharp increase in total income with significant improvement in margins and cash accruals on a sustained basis
- Improvement in capital structure, debt protection metrics and liquidity

Downward factors:

- Moderation in operating income or profitability and/or cash accrual, any further stretch in the working capital cycle driven by pile-up of inventory or stretched receivables, or sizeable capital expenditure impacting the financial risk profile, particularly liquidity.
- Deterioration in overall gearing to over 1.50x



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management with long track record of operations**

The affairs of the company are being mainly looked after by its directors, viz., Mr. Jai Sahni, Mrs. Shobha Sahni and Mr. Shubh Sahni. Both Mr. Jai Sahni and Mrs. Shobha Sahni has relevant industry experience of more than a decade, over the years they have establishing export markets and maintained healthy relationships with customers and suppliers. They are being assisted by a team of qualified and experienced staff who look after finance, production, and quality control, marketing and general administration.

- **Proximity to Raw Materials**

The major raw material consumed is Fabric, Accessories and Trims etc. The manufacturing facility of the Company is situated at the close proximity with its manufacturers or its agents/traders which are available mainly in Delhi/NCR. It provides easy access to raw material and thus leads to logistical efficiency.

- **Moderate capital structure & debt protection metrics**

The capital structure of the company remained comfortable over the past fiscals. The overall gearing went up significantly due to increase in total debt in FY20, however remained comfortable at 1.46x as on March 31, 2020 as against 0.77x in March 31, 2019. The net worth stood healthy at of INR 13.14 crore as on March 31, 2020, increased as against INR 9.69 crore in the previous year due to accretion of profits in the business. Further, total indebtedness of the company as reflected by TOL/TNW remained moderate at 4.01x as on March 31, 2020 (TOL/TNW at 4.33x in FY19). The debt protection metrics remained strong, with interest coverage ratio at 6.84x in FY20.

Key Rating Weaknesses

- **Moderation in total operating revenue in FY20 (Provisional) along with moderation in sacle in H1 FY21**

The sales of the company grew with a CAGR of 3.34% from FY17-FY19, however declined by ~14% in FY20 as due to Covid-19, the company posted no sales after March 22, 2020 the



Press Release

day when Janta curfew was announced till May end and the sales were revived in June 2020. As the lockdown disrupted the global market much before as compared to India, the company suffered the most in Q4 FY20 & Q1 FY21 where global buyers honoured the already dispatched orders but stopped giving fresh orders to the company, which hampered the sales. However, the other parameters panned well in H1 FY21 as against H1 FY20.

- **Geographical concentration**

The top 5 customers of the company contribute 91.78% to top-line of INR 127.57 Cr in FY20. Company has high customer concentration risk. The company mainly into exports to USA and South Africa and it contributes ~82.66% of total export sales of INR 120.65 Cr. However, the company has started tapping Europe market as well in FY20 and developed 8 new customers in UK to diversify the customer portfolio.

- **Intense competition prevalent in the textile industry and availability of other substitutes**

The company is exposed to intense competition prevalent in the highly fragmented Indian textile industry and faces stiff competition from both organised and unorganised players. For the competitive landscape, the company faces stiff competition in the export market. Further, the margins of the company are under continuous threat of seasonal product cycle.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity - Adequate

The liquidity position of the company is expected to remain adequate marked by expected GCA of ~INR 3.01 Cr – ~INR 5.36 Cr from FY21-FY23, as against scheduled debt repayments of INR 0.35 Cr in the same period. Further, its bank limits remained moderately utilized to the extent of ~98.39% during the past 12 months ended September 2020 indicating limited liquidity buffer and unencumbered cash and bank balances stood at INR 8.47 Cr in FY20 indicating moderate headroom for any capex. The current ratio stood at 1.16x in FY 20 and remained satisfactory.



Press Release

About the Company

Windeson Trademart Pvt. Ltd. was incorporated in 2010 and started its Garment Export Operations in 2012 with a small Export Turnover of Rs.23 Lacs which grew to Rs.125 Cr in 2019-20. Company has its own three manufacturing Units-One at Sahibabad, and other two in NOIDA. All units are equipped with all latest Manufacturing Machines including Embroidery to take care of entire production in house. Besides above facilities, management also has a fabric processing mill having all modern machines installed therein which gives a timely strength & supports Windeson's raw material (Fabric) processing requirement which gives them an Edge over other Garment Exporters in the Industry.

Financials: Standalone

For the year ended*/As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Provisional
Total Operating Income	149.64	127.57
EBITDA	4.90	6.28
PAT	3.70	3.44
Tangible Net worth	9.69	13.14
EBITDA Margin (%)	3.27	4.92
PAT Margin (%)	2.44	2.69
Overall Gearing Ratio (x)	0.77	1.46

*As per Infomerics Standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	PC / FDB / FBE	Long Term/ Short Term	12.00	IVR BB+/Stable Outlook & IVR A4+ (IVR Double B Plus with Stable Outlook & IVR Single A Four Plus)	-	-	-



Press Release

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Rajat Maheshwari

Tel: (011) 24611910

Email: rmaheshwari@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities



Press Release

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs.in Crore)	Rating Assigned/ Outlook
Long Term/Short Term Bank Facilities – PC / FDB / FBE	-	-	-	12.00	IVR BB+/Stable Outlook & IVR A4+ (IVR Double B Plus with Stable Outlook & IVR Single A Four Plus)