

Greenway Clothings India Private Limited

January 22, 2021

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	3.63	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	11.37	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	15.00 (Rs. Fifteen Crore Only)		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 31, 2019 placed the rating(s) of Greenway Clothings India Private Limited (GCIPL) under the 'issuer non-cooperating' category as GCIPL had failed to provide information for monitoring of the rating. GCIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated November 17, 2020 In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating has been revised by taking into account of non-availability of requisite information due to non-cooperation by Greenway Clothings India Private Limited with CARE's efforts to undertake a review of the outstanding rating as CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to the bank facilities of Greenway Clothings India Private Limited (GCIPL) is primarily tempered by moderate scale of operations, competitive business segment due to presence of numerous players, prevailing risk of foreign exchange fluctuation and working capital intensive nature of operations. The ratings also factors improvement in PBILDT margin albeit decline in PAT margin, leveraged capital structure and moderate debt coverage indicators. However, the rating derives comfort from vast experience of the partners in manufacturing garments, moderate debt coverage indicators and growing demand for textile and clothing (updated for the information available from Registrar of Companies).

Detailed description of the key rating drivers

Key Rating Weaknesses

Modest scale of operations

The scale of operations of the company continues to be remained modest marked by total operating income of Rs. 55.17Crore in FY19 which remains almost in line with previous fiscal (Rs. 55.58 Crore in FY18).

Leveraged capital structure

The overall gearing stood leveraged at 2.06x as on March 31, 2019 which stood almost flat with previous fiscal (2.01x as on March 31, 2018).

Working capital intensive nature of operations

The nature of operations of the company continues to remain working capital intensive in nature. With elongation in collection and inventory days the operating cycle of the company also extended to 46 days in FY19 as against 20 days in FY18.

Highly competitive business segment due to presence of numerous players

The company is engaged into a fragmented business segment and competitive industry. The market consists of several small to medium-sized entities that compete with each other along with several large enterprises. There are several small sized firms in and around Tirupur area in Tamil Nadu, which compete with GCIPL.

Key Rating Strengths

Vast experience of the promoters in manufacturing garments

The promoters of GCIPL have experience of more than a decade in garment export business and have hands-on experience in procuring and coordinating the required man power to sew the fabric. Mr. A. Sivabalan, Managing Director of the company,

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not cooperate; based on best available information

plays a vital role in deciding the product range and levels of production. Due to proven experience, the promoters have good relationships with the customers and suppliers, which is expected to benefit the company in the long-run.

Improved PBILDT margin albeit decline in PAT margin

PBILDT margin of the company has improved to 6.08% in FY19 as against 5.83% in FY18. However PAT margin has dropped to 1.65% in FY19 viz a viz 2.22 in FY18.

Moderate debt coverage indicators

Total debt to gross cash accruals has been deteriorated from 5.33x in FY18 to 6.40x in FY19 owing to increase in debt levels coupled with stable cash accruals in comparison with previous year. Further, interest coverage ratio though deteriorated mildly remained satisfactory at 3.17x in FY19 as against 3.57x in FY18.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Methodology - Manufacturing Companies](#)

[CARE's Criteria for Short Term Instruments](#)

About the company

Greenway Clothings India Private Limited (GCIPL) was established by Mr. A. Sivabalan and Mrs. S. Rajeshwari in 2014. The company is engaged in sewing garments for kids, men and women. The company generates remaining revenue from selling finished garments to customers based at Tamil Nadu. The promoters are also the partners of Greenway Clothing; a partnership firm established in the year 2005 which is also engaged in manufacturing garments.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	55.58	55.17
PBILDT	3.24	3.36
PAT	1.23	0.91
Overall gearing (times)	2.01	2.06
Interest coverage (times)	3.54	3.17

*A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Nov 2022	3.13	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Packing Credit in Foreign Currency	-	-	-	6.00	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Forward Contract	-	-	-	1.87	CARE A4; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	0.50	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-FBN / FBP	-	-	-	3.50	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	3.13	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)	1)CARE BB; Stable (15-Nov-18)	-
2.	Fund-based - ST-Packing Credit in Foreign Currency	ST	6.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (31-Dec-19)	1)CARE A4 (15-Nov-18)	-
3.	Fund-based - ST-Forward Contract	ST	1.87	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (31-Dec-19)	1)CARE A4 (15-Nov-18)	-
4.	Fund-based - LT-Cash Credit	LT	0.50	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)	1)CARE BB; Stable (15-Nov-18)	-
5.	Fund-based - ST-FBN / FBP	ST	3.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (31-Dec-19)	1)CARE A4 (15-Nov-18)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- Information not available**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Fund-based - ST-FBN / FBP	Simple
4.	Fund-based - ST-Forward Contract	Simple
5.	Fund-based - ST-Packing Credit in Foreign Currency	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact Us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Group Head Name – P. Shanti

Group Head Contact no.- 040-67937417

Group Head Email ID - p.shanti@careratings.com

Business Development Contact

Name: Pradeep Kumar

Contact no. :044-28501001

Email ID : pradeep.kumar@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**