

Greenway Clothings India Private Limited
December 31 2019

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|----------------------------|--|--|---|
| Long -term Bank Facilities | 3.63 | CARE BB- Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*) | Issuer not cooperating*; Revised from CARE BB; Stable (Double B; Outlook: Stable) Based on best available information |
| Short-term Bank Facilities | 11.37 | CARE A4; Issuer not cooperating* (A Four; ISSUER NOT COOPERATING*) | Issuer Not Cooperating*; Based on best available information |
| Total Facilities | 15.00 (Rupees Fifteen Crore only) | | |

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Greenway Clothings India Private Limited (GCIPL) to monitor the rating vide e-mail communications dated June 21 2019, September 06, 2019, October 03, 2019, December 23 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. **In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at fair rating.** The rating on Greenway Clothings India Private Limited bank facilities will now be denoted as **CARE BB-; Stable/CARE A4; ISSUER NOT COOPERATING***

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

Detailed description of the key rating drivers

The rating assigned to the bank facilities of Greenway Clothings India Private Limited (GCIPL) is primarily tempered by moderate scale of operations with fluctuating profitability margins, competitive business segment due to presence of numerous players, prevailing risk of foreign exchange fluctuation and working capital intensive nature of operations with moderately leveraged capital structure. 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.

Key Rating Weaknesses**Modest scale of operation**

The scale of operations marked by total operating income in stood stable at Rs 55.58 crore in FY19 as against Rs 56.03 crore in FY18. The net-worth of GCIPL stood at Rs. 5.40 crore as of March 31 2019.

Low and fluctuating profitability margins

The PBILD margin of the company stood low and fluctuating in the range of 4%-5% during FY17 and FY18 due to highly fragmented industry coupled with competitiveness in garment export business. The PAT margin is also low as well as fluctuating in the range of 1%-2% during the review period on account of increasing financial expenses.

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

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.

Moderately leveraged capital structure

The capital structure stood moderately leveraged 2.01x as of March 31 2018 as against 1.0x as of March 31 2017

Working capital intensive nature of operations

With elongation in collection and inventory days the operating cycle of the company also extended to 20 days in FY18 as against 2 days in FY17

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, 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.

Moderate debt- coverage indicators

The debt coverage indicators marked by TD/GCA and interest coverage ratios stood moderate at 5.32x and 3.57x respectively in FY18 as against 3.05x and 3.36x in FY17.

Growing demand for textile and clothing

The sector is expected to grow strongly, at around 9.5% average growth per year, over the next five years. Population growth in the region should reinforce this trend over the longer term.

Analytical approach: Standalone

Applicable criteria

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

[Criteria on assigning Outlook to Credit ratings](#)

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

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

[Rating Methodology – Manufacturing Companies](#)

About the firm

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) | FY17 (A) | FY18 (A) |
|------------------------------|----------|----------|
| Total operating income | 56.03 | 55.58 |
| PBILD | 2.56 | 3.25 |
| PAT | 1.09 | 1.24 |
| Overall gearing (times) | 1.05 | 2.01 |
| Interest coverage (times) | 3.36 | 3.57 |

***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 | - | - | November 2022 | 3.13 | CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information |
| Fund-based - ST-Packing Credit in Foreign Currency | - | - | - | 6.00 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - ST-Forward Contract | - | - | - | 1.87 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - LT-Cash Credit | - | - | - | 0.50 | CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information |
| Fund-based - ST-FBN / FBP | - | - | - | 3.50 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |

*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 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Fund-based - LT-Term Loan | LT | 3.13 | CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information | - | 1)CARE BB; Stable (15-Nov-18) | - | - |
| 2. | Fund-based - ST-Packing Credit in Foreign Currency | ST | 6.00 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE A4 (15-Nov-18) | - | - |
| 3. | Fund-based - ST-Forward Contract | ST | 1.87 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE A4 (15-Nov-18) | - | - |

| | | | | | | | | |
|----|-----------------------------|----|------|---|---|-------------------------------|---|---|
| | | | | cooperating; Based on best available information | | | | |
| 4. | Fund-based - LT-Cash Credit | LT | 0.50 | CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information | - | 1)CARE BB; Stable (15-Nov-18) | - | - |
| 5. | Fund-based - ST-FBN /FBP | ST | 3.50 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE A4 (15-Nov-18) | - | - |

**Issuer did not cooperate; Based on best available information*

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 - Manish Kumar
 Group Head Contact no. 040-67937415
 Group Head Email ID - manish.kumar@careratings.com

Business Development Contact

Name: Pradeep Kumar
 Contact no. : 044 – 2850 1001
 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**