

DECEMBER 30, 2016

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF  
THATAVARTHI APPARELS LIMITED**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	42 (reduced from Rs.45.75)	<b>CARE BB; Stable (Double B; Outlook: Stable)</b>	Reaffirmed
Short-term Bank Facilities	9.65 (reduced from Rs.10.00)	<b>CARE A4 (A Four)</b>	Reaffirmed
<b>Total</b>	<b>51.65 (Rupees Fifty One crore and Sixty Five lakh only)</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Thatavarthi Apparels Limited (TAL) continue to remain constrained on account of relatively moderate scale of operations, trading nature of business with thin profitability margins, geographically concentrated revenue stream, working capital intensive nature of business, susceptibility to price fluctuation risk, leveraged capital structure and intense competition in the industry.

The ratings are, however, underpinned by experienced and resourceful promoters along with group support, adequate availability of raw material and reputed supplier base.

The ability of the company to increase the scale of operation, maintain its profitability margins and improve the capital structure are the key rating sensitivities.

**Background**

Incorporated in 1999, TAL was promoted by Mr T Chandra Sekhar Rao. TAL belongs to the Vilan group, which is into manufacturing of inner Garments and Knitwear for the past three decades. TAL is engaged in the manufacture & sale of cotton yarn since November 2011. It has its manufacturing facility located at Guntur, Andhra Pradesh, with an installed capacity of 17,952 spindles and manufactures cotton yarn of counts ranging from 24's to 120's.

The Vilan group is into textile industry across the value chain and operates through six associate group concern companies. The group has five manufacturing units engaged in the production of hosiery garments located at Vijayawada, Andhra Pradesh, and one sourcing unit located at Tirupur, Tamil Nadu, and has a capacity to produce 19,500 pieces of garments per day. The group operates through 32 distributors in Andhra Pradesh, Orissa and Kerala.

During FY16 (refers to the period April 01 to March 31), TAL has reported a PBILDT of Rs.11.09 crore (Rs.10.89 crore in FY15) and a PAT of Rs.0.34 crore (Rs.0.35 crore in FY15) on a total operating income of Rs.64.43 crore (Rs.59.26 crore in FY15).

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691