



September 21, 2010

## **ICRA assigns a long-term rating at LBB with a stable outlook to bank lines of Tulip Apparels Private Limited**

ICRA has assigned an LBB (pronounced L Double B) rating on the long term scale to the Rs. 8.05 Crore<sup>1</sup> bank limits of Tulip Apparels Private Limited (TAPL)<sup>†</sup>. The long term rating has been assigned a Stable outlook.

ICRA's rating is constrained by highly fragmented nature of the industry, modest scale of operations of the company and TAPL's limited presence in the textile value chain. The rating is also inhibited by relatively high gearing and intended debt-funded capital expenditure which is expected to keep the capital structure modest. Further, ICRA is cognizant of the fact that the company is in nascent stages of establishing its in-house brand in the ladies suits segment which is expected to impact the company's profitability in the medium term. However, the rating draws comfort from long standing experience of promoters in the industry, approval from the buying houses of brands like Marks & Spencer's and the company's ability to undertake wide variety of work in the embroidery space which strengthens its competitive positioning. Moreover, the rating also favourably factors in the moderate profitability and coverage indicators of the company.

### **Company Profile**

Incorporated in 1997 as Lilly Impex Private Ltd (LIPL) by Mr. Mohit Gupta & Mr. Rajesh Jindal, the company was taken over by the current directors Mr. Rajesh Goel and Mr. Ajay Singla in late CY2000. LIPL did not have any operations but fulfilled all the legal requirements to be operated as a company. Post the acquisition, the name was changed to Tulip Apparel Pvt Ltd (TAPL). The current promoters have more than a decade of experience in the textile Industry. TAPL is primarily engaged in undertaking Schiffli and multi-head computerised embroidery on garments, on job-work basis. Further, the company diversified into manufacture of unstitched and semi-stitched ladies suits in FY 2007.

**September 2010**

*For further details please contact:*

#### *Analyst Contacts:*

**Mr. Rohit Inamdar** (Tel No. +91-124-4545847)  
rohit.inamdar@icraindia.com

#### *Relationship Contacts:*

**Mr. Vivek Mathur**, (Tel. No. +91-124-4545310)  
vivek@icraindia.com

*ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)*

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

## **PRESS RELEASE**

**Disclaimer:** ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website ([www.icra.in](http://www.icra.in)) or contact any ICRA office for the latest information on ICRA Ratings outstanding.