Rating Rationale

HS Textile Mills

9 Mar, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of HS Textile Mills.

Facility	Exsisting Limits (In Crs)	Rating Limits (In Crs)	Tenure	Ratings
Fund Based Limits			Long Term	BWR B+ (Pronounced As BWR B Plus) Outlook : Stable
Term Loan	11.00	11.00		
CC	2.50	2.50		
Total Amount to be Rated		**13.50**	**INR. Thirteen Crores and Fifty Lakhs Only**	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers

BWR has essentially relied upon projected financial results of **HS Textile Mills Pvt. Ltd** upto FY18, publicly available information and information provided by the company.

The rating draws comfort from the experience of the promoters in the textile industry, advantages of setting up textile unit in the heart of textile belt at Panipat (Haryana) and its association with reputed clientele.

However, the rating is constrained by small scale of operations, intense competition from local competitors, low debt service coverage, elongated conversion cycle the firm is yet to complete 1 full year of operations

Rating Outlook: Stable

BWR believes the **HS Textile Mills** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

HS Textile Mills was incorporated in November 2015, with its registered office at Panipat (Haryana). The firm is engaged into manufacturing mink blanket and began its operations in September 2016.The plant is having installed capacity of 21 Lac MT/Year and is utilizing 70% of the installed capacity.

The firm is operated and managed by Mr. Ramesh Goel, Partner who is having the experience of 3 decades in the same line of business and is ably assisted by Mr. Puneet Goel and other technical staff.

Financials

The Firm has commenced its business operations in September 2016 and has projected total operating income of INR 19.20 Cr and PAT of INR 0.28 Cr as financials of FY17. Further the firm has generated revenue of INR12.76 Cr till February 17 as informed by the management.

Rating History for the last three years: (including withdrawn/suspended ratings)

Facility	Rating Assigned (2017)			Rating History		
	Tenor	Amount (Rs. Crs)	Rating	2016	2015	2014
CC (Fund Based)	Long Term	11.00	BWR B+ (Pronounced As : BWR B Plus) Outlook - Stable	NA	NA	NA
Term Loan (Fund Based)		2.50				

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Company
- Short Term Debt

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:
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About Brickwork Ratings
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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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