



## Rating Rationale

### P.S.K Textiles India Private Limited

07<sup>th</sup> February 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of P.S.K Textiles India Private Limited**

#### Particulars

Facility Rated	Amount # (Rs. Crs)	Tenure	Rating *
<b><u>Fund Based</u></b>			
Term Loans	7.00	Long Term	BWR BB (Pronounced BWR Double B) Outlook: Stable
Overdraft	2.00		
<b><u>Non-Fund Based</u></b>			
Bank Guarantee	2.05	Short Term	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	<b>Rs. 11.05 Crores (Rupees Eleven Crores and Five Lakhs Only.)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

# Annexure I provide bank – wise details of facilities

#### Rationale/ Description of Key Rating Drivers/ Rating Sensitivities

BWR has essentially relied upon the audited financials upto FY16, publicly available information and information / clarifications provided by the company's management.

The ratings draw strength from the established track record of the company, experience of the promoters in textile manufacturing / textile fabric processing industry, established relationships with the clients, reasonable profitability and comfortable gearing level. The ratings are, however, constrained by the subdued performance of the textile industry in FY17, intensely competitive industry and debt funded capital expansion of the company.



Going forward, the ability of the company to increase its scale of operations, improve its overall credit risk profile and ensure optimum utilization of its plant would be the key rating sensitivities.

### **Rating Outlook: Stable**

BWR believes **P.S.K Textiles India Private Limited's** 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**

P.S.K Textiles India Private Limited was incorporated in 2004 at Namakkal, Tamil Nadu. P.S.K Textiles India Private Limited is engaged in job work of weaving of cotton yarn to cotton fabric for various entities. Presently, the manufacturing plant consists of 72 looms capacity for weaving 38000 Mtrs per annum. Majority of the clients are various textile manufacturing companies in Tamil Nadu. The group entities of the company are involved in logistics viz, 1.) P S K Transports 2.) Abirami Transports 3.) Arul Maariamman Transports 4.) Annamalaiyar Transports and 5.) Sri Karaikaliamman Transports.

P.S.K Textiles India Private Limited is a closely held family business. Mr Shekar K S is the Managing Director and Mrs Parvathi S (Wife) is the other director.

### **Company Financial Performance**

Net revenue for FY16 declined to Rs. 9.08 Crs compared to Rs. 10.57 Crs in FY15 on account of subdued performance of the textiles industry and plant shutdown for 1 - 2 months. PAT increased to Rs. 3.65 Crs in FY16 compared to Rs. 1.27 Crs in FY15, on account of deferred tax adjustment. On a provisional basis, the company reported 9MFY17 net revenue of around Rs. 6.30 Crs. Tangible Net worth of the company as on 31<sup>st</sup> March 2016 was Rs. 14.15 Crs.

**Rating History for the last three years:**

Sl. No.	Facility	Current Rating (Year 2017)			Rating History			
		Type	Amount (Rs Crs)	Rating	2016	2015	2014	
1	Fund based	Term Loans	Long Term	7.00	BWR BB	Nil	Nil	Nil
2		Overdraft	Long Term	2.00	BWR BB	Nil	Nil	Nil
3	Non Fund based	BG	Short Term	2.05	BWR A4	Nil	Nil	Nil

**Status of Ratings with other CRA:** CRISIL, vide its release dated January 20<sup>th</sup> 2017, has stated that is awaiting adequate information from P.S.K. Textiles India Private Limited (PSK) to enable it to carry out the review of the outstanding rating of BB- (Stable) assigned to the bank loan facilities of the company.

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

Analytical Contacts	Media
<i>Rajee R</i> <i>GM – Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	



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#### **Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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.

#### **DISCLAIMER**

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**P.S.K Textiles India Private Limited**

**Bank Facilities**

**Annexure I**

<b>Type of Facility</b>		<b>Bank : Corporation Bank (Rs. Crs)</b>
Fund Based	Term Loans	7.00
	Overdraft	2.00
Non Fund Based	Bank Guarantee	2.05
<b>Total (Eleven Crores and Five Lakhs Only)</b>		<b>11.05</b>