

Rating Rationale

Prem Textiles International Pvt Ltd

6th March 2017

Brickwork Ratings reaffirms/assigns ratings for the Bank Loan Facilities of Prem Textiles International Pvt Ltd

Particulars

Facility Rated	Amount (Rs Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based					
Cash Credit	27.00	27.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook-Stable	Reaffirmed at: BWR BBB- (Pronounced as BWR Triple B Minus) Outlook-Stable
SLC	2.25	2.25			
Corporate Loan	0.45	-			
Term Loan*	2.43	2.00			Reaffirmed/Assigned at: BWR BBB- (Pronounced as BWR Triple B Minus) Outlook-Stable
Term Loan New	-	4.70			
Non Fund Based					
LC	3.00	3.00	Short Term	BWR A3 (Pronounced as BWR A Three)	Reaffirmed at: BWR A3 (Pronounced as BWR A Three)
BG	0.25	0.25			
CEL	3.00	3.00			
Total	38.38	42.20			

* Term Loan O/s as on 3-12-2016;

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The ratings, inter alia, continues to take into account the experienced promoters, diversified customer base and above average financial risk profile marked by comfortable debt protection metrics and gearing ratio. The ratings are, however, constrained by moderate scale of operations of the company, working capital intensive nature of operations and intense competition in the industry.

Going forward, the ability of the company to meet its projected turnover and profitability and manage any mismatch in the cash flows for repayment of its debt obligation shall be the key rating sensitivities

Rating Outlook: Stable

BWR believes the Prem Textiles International Pvt Ltd.'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 company increases its revenue significantly and profitability in light of highly competitive market scenario. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Prem Textiles International Private Limited was incorporated as a limited company in December 2006 by Mr Subhash Chand Jain. The company is based in Indore, Madhya Pradesh and is engaged in the manufacturing and export of home textile products like bed covers, bed sheets, pillow covers, quilts covers etc.

Company Financial Performance

The company has reported total operating income of Rs 155.28 Crs in FY16 as against Rs 138.69 Crs in FY15. The company has posted operating profit margin of 9.28% in FY16 as against 6.86% in FY15.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term /Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	CC	Long Term	27.00	BWR BBB- With Stable Outlook	BWR BBB-/A3 with Stable Outlook	BWR BB+/A4+ with Stable Outlook	NA
2	SLC	Long Term	2.25	BWR BBB- With Stable Outlook			
3	Term Loan O/s	Long Term	2.00	BWR BBB- With Stable Outlook			
4	Term Loan New	Long Term	4.70	BWR BBB- With Stable Outlook			
5	LC	Short Term	3.00	BWR A3			
6	BG	Short Term	0.25	BWR A3			
7	CEL	Short Term	3.00	BWR A3			

NA: Not Available

Status of non-cooperation with previous CRA (if applicable): Reason and comments: Not Applicable

Any other information: NIL

Hyperlink/Reference to applicable Criteria

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



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For print and digital media

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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 Investors queries can be sent to 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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.