



Rating Rationale

Sheen Tex India

15 Nov 2018

Brickwork Ratings assigns the short term rating for the Bank Loan Facilities of Rs. 7.50 Crs of Sheen Tex India.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
FDB/FBE	7.50	Short Term	BWR A4 (Pronounced as BWR A Four)
Packing Credit (Sub-limit)	(5.00)		
Total	7.50	INR Seven Crores and Fifty Lakhs Only	

NOTE: Assigned Short-Term rating of “BWR A4” is mapped from Long-Term rating of “BWR BB-”.

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

Rating: Short Term Rating Assigned

Brickwork Ratings assigned the short-term rating of ‘BWR A4’ for the bank loan facilities of Rs. 7.50 Crores of Sheen Tex India.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws comfort from Promoters’ extensive experience of nearly two decades in textile industry, moderate profit margins in FY18 and expected revenue improvements in FY19. However the rating is constrained by limited track record due to nascent stage of business operations and relatively high gearing. Going forward, ability of the firm to scale up its operations, to improve its gearing, to improve its profit margins and to achieve its revenue targets will remain the key rating sensitivities.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)



Key Rating Drivers

Credit Strengths:

- **Experienced Promoter:** The proprietor is having over two decades of experience in textile industry as one of the partners in a partnership firm namely “Glimpse India”.
- **Moderate Profit Margins :** As per provisional financials of FY18, the firm has generated moderate profit margins with operating profit margin of 8.06% and net profit margin of 4.01% on a total operating income of Rs. 7.74 Crores.
- **Expected Revenue improvements in FY19 :** The firm has achieved sales of Rs. 19.06 Crores in 6 months of FY19 during April, 2018 to September, 2018 indicating revenue growth in FY19.

Credit Weaknesses

- **Limited Track Record:** Limited track record, as the company is incorporated in June, 2017 and completed only one year of business operations.
- **Relatively High Gearing:** As per provisional financials of FY18, the firm has relatively high gearing with total debt to tangible net worth of 2.65 times.

About the Firm:

Sheen Tex India is a proprietary concern established in June, 2017 with registered office in Panipat, Haryana. Mr. Manoj Kumar is the proprietor of the firm. Mr. Manoj Kumar is having over two decades of experience in textile industry and was one of the partners in a partnership firm namely “Glimpse India”. The firm is into manufacturing of home decors and home furnishings such as bath mats, floor mats, wall hangings, cushions, etc made up of yarn. The firm has its manufacturing unit in Panipat, Haryana. The firm has started its commercial operations from June, 2017. The firm is export oriented and at present exporting its products to countries like Australia, USA Austria, Netherland, etc.

Firm’s Financial Performance:

The firm was established in June, 2017. Provisionally, the firm has achieved total operating income of Rs. 7.74 Crores in FY18, being the first year of business operations. Provisionally, the firm has registered operating profit margin of 8.06% and net profit margin of 4.01% in FY18.

As per the information provided by the management, the firm has achieved sales of Rs. 19.06 Crores in six months in FY19 (April to September, 2018) and projected a revenue target of Rs. 60.00 Crores in FY19.

Parameters	Units	31-Mar-2018	31-Mar-2019	31-Mar-2020
		(Provisional)	(Projected)	(Projected)
Total Operating Income	Rs. Crores	7.57	60.00	70.00
EBIDTA	Rs. Crores	0.62	1.86	2.10
Tangible Net Worth (TNW)	Rs. Crores	4.48	6.35	7.39
Operating Profit Margin	%	8.06	2.95	2.86
Net Profit Margin	%	4.01	1.37	1.42
Total Debt : TNW	Times	2.65	2.13	1.91
Current Ratio	Times	0.91	1.20	1.31

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

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1	FDB/FBE	Short Term	7.50	BWR A4 (Pronounced as BWR A Four)	Nil	Nil	Nil
2	Packing Credit (Sub-limit)		(5.00)				
Total			7.50	INR Seven Crores and Fifty Lakhs Only			

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
K V Raju Head - MSME Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	



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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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