

January 21, 2015

Facilities	Amount (Rs. Crore)	Rating
Packing Credit Limit	2.00	SMERA A4 (Assigned)
FBDN	1.00	SMERA A4 (Assigned)
Packing Credit Limit (proposed)	3.00	SMERA A4 (Assigned)
FBDN (proposed)	1.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.7.00 crore short-term (fund based) bank facilities of Tanishka International (TI). The outlook is '**Stable**'. SMERA has considered unsecured loans from related parties as quasi-equity as such loans are interest-free and subordinated to bank debt. The rating is supported by the firm's experienced management and moderate financial risk profile. However, the rating is constrained by the firm's short track record of operations in an intensely competitive segment of the handicrafts industry.

TI, established in 2012, is a Moradabad-based proprietorship firm engaged in manufacturing and export of handicrafts. TI benefits from its experienced management. Mr. Sambhav Jain, proprietor of TI, has around 15 years of experience in the handicrafts export industry. TI's moderate financial risk profile is marked by net worth of Rs.3.62 crore and leverage (debt-to-capital ratio) of 0.90 times as on March 31, 2014. Moreover, the firm's interest coverage ratio is comfortable at 5.39 times in FY2013-14 (refers to financial year, April 01 to March 31).

TI faces intense competition from several exporters of handicraft products.

About the firm

TI, established in 2012, is a Moradabad-based proprietorship firm engaged in manufacturing and export of handicrafts. TI has a manufacturing unit in Moradabad, Uttar Pradesh.

For FY2013-14, TI reported profit after tax (PAT) of Rs.0.29 crore on operating income of Rs.27.19 crore, as compared with PAT of Rs.0.06 crore on operating income of Rs.3.90 crore in FY2012-13. Further, the firm registered operating income of Rs.26.00 crore (provisional) during April 2014 to November 2014. TI's net worth stood at Rs.3.62 crore as on March 31, 2014, as compared with Rs.0.79 crore a year earlier.

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SMERA RATINGS LIMITED

Tanishka International (TI)

Rating
Rationale

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