

**June 09, 2015**

Facilities	Amount (Rs. Crore)	Rating
Term Loan	4.50	SMERA B-/Stable (Assigned)
Cash Credit	4.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of **'SMERA B-' (read as SMERA B minus)** to the Rs.8.50 crore bank facilities of Sambasiva Cotton Ginning Mills (SCGM). The outlook is **'Stable'**. The rating is constrained by the firm's exposure to project execution risk as the installation of machineries is underway and vagaries of monsoon. However the rating draws comfort from the firm's experienced management.

SCGM plans to set up a ginning unit in Pandaripuram, Andhra Pradesh. The estimated project cost is Rs.5.50 crore, which is likely to be funded through term loan of Rs.4.50 crore and remaining through own funds. The firm has already incurred ~5 per cent of the total project cost till April 2015 and plans to commence its production in October – December 2015.

SCGM is poised to benefit from its experienced management Mr. Subhash Chandra Bose, partner of SCGM, has over two decades of experience in the cotton ginning business.

### Outlook: Stable

SCGM's rating has a 'Stable' outlook. The outlook may be revised to 'Negative' in case of delays in project execution, which may lead to cost overruns. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows from operations after completing the project within the scheduled timeline.

### About the firm

SCGM is in the process of setting up a ginning unit in Pandaripuram, Andhra Pradesh, with installed capacity of 84,240 quintals and 49,553 bales per annum. SCGM has purchased 5 Acres of land in Pandaripuram for the proposed project.

### Contact List:

Media/ Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel : +91-22-6714 1191 Cell: +91 98208 02479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Vinay Chhawchharia Manager – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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