



SMERA RATINGS LIMITED

Shubh Mangal Textile Industries LLP (SMTIL)

Rating Rationale

July 17, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	2.00	SMERA B+/Stable (Assigned)
Proposed Cash Credit	4.50	SMERA B+/Stable (Assigned)
Term Loan	3.00	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.9.50 crore bank facilities of Shubh Mangal Textile Industries LLP (SMTIL). The outlook is '**Stable**'.

SMERA has consolidated the business and financial risk profiles of Subhlene Fabrics (SF) and Shubh Mangal Textile Industries LLP (SMTIL), another group firm, together referred to as The Subhlene Group due to the common management, similar lines of business apart from operational and financial linkages between the two entities.

The rating is constrained by the group's modest scale of operations in an intensely competitive textile industry and net profit largely supported by non-operating income. The rating is also constrained by the group's below average financial risk profile and stretched liquidity position. However, the rating draws comfort from the group's experienced management.

Outlook: Stable

SMERA believes the outlook on The Subhlene Group's rated facilities will remain stable over the medium term on account of an experienced management. The outlook may be revised to 'Positive' in case the group achieves a sustained growth in revenues while registering improvement in profit margins and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the group's revenues and profit margins and further deterioration in the financial risk profile.

About the Group

Subhlene Fabrics

Subhlene Fabrics was established as a proprietorship concern in 2001 by Mahesh Gupta (HUF) to manufacture and trade in grey fabrics used for shirtings and suitings. The firm has two manufacturing units in Silvassa (Dadra & Nagar Haveli).

Shubh Mangal Textile Industries (LLP)

Shubh Mangal Textile Industries (LLP) was established as a partnership firm in September, 2013 with Mr. Anuj Gupta and Mrs. Lata Gupta (wife of Mr. Mahesh Gupta) as partners. The firm is engaged in the trading and manufacturing of grey fabrics. The firm commenced manufacturing of grey fabrics from August, 2014 at its manufacturing unit in Dadra & Nagar Haveli.

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For FY2013-14, the Subhlene Group reported net profit of Rs.0.27 crore on operating income of Rs.62.98 crore as compared with net profit of Rs.0.89 crore on operating income of Rs.30.41 crore for FY2012-13. The group's net worth stands at Rs.13.84 crore as on March 31, 2014 as compared with Rs.12.96 crore a year earlier.

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