

August 12, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	29.00	SMERA BB/Stable (Assigned)
Cash Credit	05.50	SMERA BB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facilities of Shri Ganesh Textile and Infrastructure (India) Private Limited (STIPL). The outlook is '**Stable**'. The rating draws comfort from the promoter's extensive industry experience and efficient working capital management. However, the rating is constrained by the susceptibility of the company's profit margins to volatility in cotton prices and low DSCR (Debt Service Coverage Ratio).

### **Outlook: Stable**

SMERA believes the outlook on STIPL will remain 'Stable' over the medium term on account of experience of the management. The outlook may be revised to 'Positive' in case of further improvement in the company's scale of operations, while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in STIPL's financial profile.

### **Rating Sensitivity Factors:**

- Scalability of business while maintaining margins
- Delays in receiving government subsidies

### **About the Company**

STIPL, set up in 2006 by Mr. Subhash Deore and Mr. Vilas Deore was initially into the construction business. Later in 2011, it ventured into manufacturing of cotton yarn considering the significant experience of the promoter in the line of business.

The company registered profit after tax (PAT) of Rs.1.14 crore on revenue of Rs.78.52 crore for FY2014-15, as compared with PAT of Rs.0.96 crore on revenue of Rs.91.67 crore in FY2013-14. The company's net worth stood at Rs.07.81 crore as on March 31, 2015, as compared with Rs.06.63 crore a year earlier.

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