

November 30, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.15	SMERA BB-/Stable (Assigned)
Term Loan	0.50	SMERA BB-/Stable (Assigned)
Cash Credit	5.00	SMERA BB-/Stable (Assigned)
Proposed	0.10	SMERA BB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.6.75 crore bank facilities of Sadhana Sulz Fab Private Limited (SSPL). The outlook is '**Stable**'.

The rating draws support from an experienced management, moderate financial risk profile and moderate coverage indicators. However, the rating is constrained by the small scale of operations, customer concentration risk, working capital intensive operations and weak liquidity profile (fully utilised bank limit for the period April 2015 to September 2015).

Outlook: Stable

SMERA believes SSPL will maintain a moderate business risk profile in the medium term owing to the established operations and extensive experience of the promoters in the business. The outlook may be revised to 'Positive' with improvement in revenues along with profitability. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile.

Rating Sensitivity Factors

- Sustainable revenue growth and improvement in profit margins.
- Efficient working capital management.

About the Company

SSPL, (the erstwhile Sadhana Synthetic) was established in 1994 as a proprietorship concern and converted to a private limited company in December, 2003. The company, promoted by the Chordia family is engaged in the manufacture of synthetic fabric for suiting and shirting and has an installed weaving capacity of 20 lakh meters per annum. It procures yarn from mill agents in and around Bhilwara and sells the same to traders and readymade garment manufacturers across India.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.16 crore on operating income of Rs.21.09 crore, as compared with profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.23.71 crore in FY2013-14. The net worth stood at Rs.3.82 crore as on March 31, 2015 against Rs.3.65 crore a year earlier.

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