

January 20, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	2.79	SMERA BB-/Stable (Assigned)
Term Loan II	4.90	SMERA BB-/Stable (Assigned)
Term Loan (Proposed)	4.31	SMERA BB-/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.12.00 crore bank facilities of Centex Fabrics-Export Unit (Centex). The outlook is '**Stable**'.

The rating derives comfort from the stable revenue visibility from solar power and wind power business, and moderate financial risk profile. The rating also notes that the firm receives ongoing financial support from its group companies to repay bank debt. However, the rating is constrained by the limited operational track record of solar power and wind power businesses. The rating is also constrained by the firm's temporary cash flow mismatch vis-à-vis debt obligation. The rating also factors that the firm's business is exposed to changes in climatic conditions which may result in lower plant load factor (PLF) for solar power and wind power businesses.

Outlook: Stable

SMERA believes that Centex will maintain its business risk profile over the medium term owing to the financial support from its group companies. The outlook may be revised to 'Positive' in case Centex achieves higher-than-expected cash flows leading to improvement in the debt coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the firm reports lower-than-expected cash flows, resulting in deterioration of the financial risk profile especially liquidity.

Rating Sensitivity

- Timely servicing of debt obligations
- Improvement in PLF for wind and solar plant

About the Firm

Centex was established in 1969, by Mr. R.P.D. Sood to manufacture and export scarves, stoles, mufflers and shawls. In 2012, the company ventured into power generation and set-up a solar power plant with capacity of 1.25 megawatt (MW) in Madhya Pradesh and wind mill with capacity of 1.50 MW in Tamil Nadu. Currently, the firm is headed by Mr. Vineet Sood. Another solar power plant with capacity of 1.25 MW is expected to be set-up in Madhya Pradesh in the next 9-12 months.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchhai@smera.com	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.