

**February 15, 2016**

Facilities	Amount (Rs. Crore)	Rating
Term Loan (Proposed)	9.93	SMERA B/Stable (Assigned)
Cash Credit (Proposed)	2.00	SMERA B/Stable (Assigned)
Facility (Proposed)	1.57	SMERA B/Stable/SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA B)** and a short term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.13.50 crore bank facilities of NHS Industries (NHS). The outlook is '**Stable**'. The ratings are constrained by the nascent stage of operations and limited experience of the promoter. The ratings are further constrained by the highly competitive and fragmented packaging industry. However, the ratings draws comfort from the healthy order book.

**Outlook: Stable**

SMERA believes that NHS will maintain a stable business risk profile. The outlook may be revised to 'Positive' in case NHS generates substantial and sustainable revenues or operating margins leading to improvement in the overall credit profile of the company especially liquidity. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

**Rating Sensitivity Factors**

- Timely commencement and completion of project
- Cost and time overruns
- Capacity utilization

**About the Firm**

Established in 2015, NHS, is promoted by Mr. Bhargav Reddy. The company plans to set up a plant to manufacture woven sacks including HDPP/PE woven bags with capacity of 140000 bags per day. The total project cost is Rs.13.42 crore to be funded by term loan of Rs.9.93 crore and the balance through promoters contribution.

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SMERA RATINGS LIMITED

## NHS Industries (NHS)

**Rating  
Rationale**

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