

March 08, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	5.71	SMERA B/Stable (Assigned)
Cash Credit	1.35	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of RD Weavetex Private Limited (RD Weavetex). The outlook is '**Stable**'. The rating is constrained by the company's weak financial risk profile marked by low net worth, high gearing and low debt protection measures. However, the rating derives comfort from the experienced management and proximity to raw material sources.

### **Outlook: Stable**

SMERA believes R D Weavetex will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improvement in the working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

### **Rating Sensitivity Factors**

- Expansion in scale of operations
- Increase in profitability
- Improvement in capital structure
- Efficient working capital management

### **About the Company**

RD Weavetex, established in 2013 by Mr. Mahesh Kumar Soman and family is engaged in the manufacture of grey fabrics at Surat, Gujarat. The company's installed capacity stands at 70 water jet power looms.

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For FY2014–15, the company reported profit after tax (PAT) of Rs.0.02 crore on operating income of Rs.9.36 crore, as compared with loss of Rs.0.00 crore on operating income of Rs.0.07 crore in FY2013–14.

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