

**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 Somani 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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SMERA RATINGS LIMITED

**RD Weavetex Private Limited
(RD Weavetex)****Rating
Rationale**

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.

Contact List

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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