

**April 01, 2016**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.75	SMERA B+/Stable (Assigned)
Term Loan	7.80	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.9.55 crore bank facilities of Uma Fabrics (UF). The outlook is '**Stable**'. The rating is constrained by the short track record of operations, working capital intensive business and intense market competition. However, the rating draws comfort from the experienced management, moderate financial risk profile and strategic location of the firm.

Outlook: Stable

SMERA believes the firm will maintain a stable business profile owing to the promoter's experience in the textile industry. The financial position is expected to remain moderate over the medium term on account working capital intensive nature of business. The outlook may be revised to 'Positive' if the profitability is higher than expected with efficient working capital management leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' in case of lower than expected profitability and higher than expected debt funded working capital requirements.

Rating Sensitivity Factors

- Volatility in yarn and fabric prices impacting profitability
- Efficient working capital management
- Increasing scale of operations

About the Firm

UF, established in June 2012 is a Gujarat-based partnership firm promoted by Mrs. Jyostnaben J. Patel, Mr. Rajendrabhai C. Patel, Mr. Sunny Jaswantbhai Patel and others. The firm is engaged in the business of fabric weaving (processing of yarn to grey fabric) and has a weaving unit at Kalol, Gujarat. The installed capacity is 250,000 meters per month. In FY2014-15, the firm reported net loss of Rs.1.22 crore on operating income of Rs.12.08 crore.

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SMERA RATINGS LIMITED

Uma Fabrics (UF)

*Rating
Rationale***Contact List**

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