

Madhur Textiles Industries LLP: Assigned

Name of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	5.90*	SMERA B/Stable (Assigned)

*Limits yet to be disbursed.

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) to the above mentioned bank facility of Madhur Textiles Industries LLP (MTI). The outlook is '**Stable**'. The rating derives strength from the experienced management and absence of long term debt. However, the rating is constrained by the limited operational track record and the highly competitive and fragmented textile industry.

MTI was established in November 2015 by Mr. Vishal Siroya and Mr. Alpesh Siroya (Partners) who possess over a decade of experience in the textile industry. The firm has no long term debt obligations and does not have any debt funded capex plan for the near future.

However, the rating is constrained due to its limited operational track record. The firm commenced operations in February, 2016 and operates in a highly fragmented industry.

Rating Sensitivity Factors

- Increase in revenues with improvement in profitability
- Efficient working capital management

Outlook-Stable

SMERA believes MTI will maintain a stable business risk profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if its scale of operations improves with improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the projected scalability in revenues or registers deterioration in its financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

Criteria applied to arrive at the rating:

- Trading Entities

About the Firm

Established by Mr. Vishal Siroya and Mr. Alpesh Siroya in November 2015, MTI is engaged in the wholesale trading of silk and cotton textile. The firm commenced commercial operations from December 2015. The warehouse is located at Wada, Thane close to the textile hub of Bhiwandi. MTI procures fabrics from Surat and stocks the same at Wada, Thane (Warehouse) to supply to garment manufacturers in Bhiwandi and Mumbai.

Contacts:

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ABOUT SMERA

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