

Super Hygiene Products Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan*	15.00	SMERA B+/Stable (Assigned)
Cash Credit	7.50	SMERA B+/Stable (Assigned)
Letter of Credit	2.50	SMERA A4 (Assigned)

*Bank Guarantee under EPCG Scheme within Term Loan of amount Rs. 1.80 crore.

*Capex Letter of credit within Term Loan of amount Rs.5.50 crore.

SMERA has assigned a long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the abovementioned bank facilities of Super Hygiene Products Private Limited (SHPPL). The outlook is **Stable**.

The ratings are constrained by the company's offtake and implementation risk of manufacturing baby diapers and sanitary napkins. The operations are yet to commence and the project is at a nascent stage. The ratings also factor in the exposure to intense market competition in the technical textile industry. However, the ratings draw support from the strategic location of the plant, experienced management and letter of intent signed by the company.

SHPPL was established in 2015 to manufacture baby diapers and sanitary napkins. The ratings factor in the project specific risks since delays in project implementation will impinge on the future cash flows of the company. The ratings also take into account the nascent stage of operations as only around ~47 per cent of the project has been completed.

However, SHPPL is headed by an experienced management. Mr. Kaushal Seth, Director possesses experience of around three decades in the textile industry. The ratings also note the strategic location of the plant (near Indore) and its proximity to raw material sources like fluff, non-woven fabric, glue etc. apart from good infrastructure. SMERA also notes that the company has signed letter of intent for sale of its products with companies such as Ascent Meditech Limited; Golden Arrow Technical Services to name a few which partially mitigates the offtake risk.

Outlook-Stable

SMERA believes that SHPPL will maintain a 'Stable' outlook in the medium term owing to the extensive experience of the management and strategic location of the plant. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays.

Rating Sensitivity Factors

- Timely completion of the project
- Achievement of revenue as projected

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

The Madhya Pradesh-based SHPPL was established in 2015 by Mr. Kaushal Seth and Mrs. Anupama Seth to manufacture baby diapers and sanitary napkins. The production capacity of the plant is expected to be around 967.70 lakh pieces per annum. The total project cost of Rs.24.31 crore is expected to be funded through a bank loan of Rs.15.00 crore and promoter's contribution of Rs.4.95 crore, unsecured loan of Rs.3.22 crore and the rest through capital subsidy of ~Rs.1.14 crore.

About the Project

SHPPL plans to set up a plant at Indore, Madhya Pradesh to manufacture diapers and sanitary napkins with production capacity of around 967.70 lakh pieces per annum at a total cost of Rs. 24.31 crore. This is to be funded through a bank loan of Rs.15.00 crore, promoter's contribution of Rs.4.95 crore, unsecured loan of Rs.3.22 crore and the rest through capital subsidy of ~Rs.1.14 crore. The plant is expected to be operational from July 2017.

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ABOUT SMERA

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