

## Press Release

**Maharshi Textile LLP**

25 April, 2018

**Rating Assigned**



<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs.9.00 crore bank facilities of Maharshi Textile LLP. The outlook is '**Stable**'.

The Gujarat based, Maharshi Textiles LLP (MTLP) established in 2016 is engaged in the manufacturing of woven fabric on order basis. The firm is led by Mr. Ravikumar Durlabhjibhai Dethariya, Mr. Kaplesh Bhanjibhai Patel and six other partners. The commercial operations started in August, 2017.

### Key Rating Drivers

#### Strengths

- **Experienced partners**

Mr. Durlabhjibhai Dethariya has experience of more than a decade in the manufacturing of polypropylene woven fabrics. The other partners possess experience of more than nine years in the industry.

#### Weaknesses

- **Initial stage of operations**

The operations commenced from August 2017. Since the operations are at a nascent stage, the firm will have to demonstrate optimal capacity utilisation so as to generate cash flows corresponding to its debt obligation.

- **Significant debt obligation**

The gearing stood at 2.83 times as the total project cost of Rs.11.50 crore was funded through partners' capital of Rs.3.00 crore, unsecured loan from related parties/partners of Rs.1.50 crore and bank loan of Rs.7.00 crore. The debt repayment is expected to commence from August, 2018. Hence, the event of suboptimal capacity utilisation or significant build-up in its receivables can adversely impact the debt servicing capability.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of MTLP to arrive at the rating.

### Outlook: Stable

SMERA believes that the outlook of the MTLP will remain stable over the medium term on account of the experience of the management. The outlook may be revised to 'Positive' if the firm is able to demonstrate higher than expected growth in revenue along with higher margins. On the contrary, the outlook may be revised to 'Negative' in case of suboptimal utilisation of capacity with lower margins, impacting the credit profile of the firm.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.02	0.00	0.00
EBITDA	Rs. Cr.	0.01	0.00	0.00
PAT	Rs. Cr.	0.01	0.00	0.00
EBITDA Margin	(%)	31.88	0.00	0.00
PAT Margin	(%)	30.55	0.00	0.00
ROCE	(%)	0.42	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.03	0.00	0.00
PBDIT/Interest	Times	23.89	0.00	0.00
Total Debt/PBDIT	Times	14.94	0.00	0.00
Gross Current Assets (Days)	Days	5738	0	0

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B / Stable

### Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Bhanupriya Khandelwal Analyst - Rating Operations Tel: 02267141131 <a href="mailto:bhanupriya.khandelwal@smera.in">bhanupriya.khandelwal@smera.in</a>	

## ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smerra.in](http://www.smerra.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smerra.in](http://www.smerra.in)) for the latest information on any instrument rated by SMERA.