

Press Release

SVH Fabrics Private Limited

27 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs.8.00 crore bank facilities of SVH Fabrics Private Limited. The outlook is '**Stable**'.

SVH Fabrics Private Limited (SVHF) was incorporated in December 2017, by Mr. Sanjay Shah and Mr. Shalin Shah. The company plans to commence operations in grey fabric manufacturing from October, 2018. The promoters have more than two decades of experience in the textile industry through their group firm, Shreejee Textiles, established in 1989.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors, Mr. Sanjay Shah and Mr. Shalin Shah have extensive experience in the industry. SMERA believes that SVHF will be able to sustain its leverage on the promoters' extensive experience and established relations in the textile industry.

Weaknesses

- **Project execution risk**

SVHF is setting up a manufacturing unit at Chhatral (Ahmedabad) to manufacture grey fabric with installed capacity of 6600 meters per day. The total project cost is around Rs.12.00 crore of which Rs.~1.00 crore has been incurred as on March, 2018. The project is expected to be funded partly through term loan of Rs.8.00 crore and the remaining Rs.4.00 crore through equity share capital and unsecured loans from promoters. The commercial date of production is October, 2018. Any delay in implementation of the project is expected to impact the debt protection indicators. SMERA believes that timely project implementation is critical to the credit profile of SVHF.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of SVHF to arrive at the rating.

Outlook: Stable

SMERA believes that SVHF will maintain a 'Stable' outlook in the medium term on the back of its experienced management and advanced stage of financial closure with promoters. Funds have already been infused and sanctions for debt components are in place. The outlook may be revised to 'Positive' if SVHF commissions the project in time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' in case of delays in commissioning of the project.

About the Rated Entity - Key Financials: (Not Applicable)

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.smerra.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
Proposed Bank facility	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B- / Stable

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smerra.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smerra.in
Namita Palve Analyst - Rating Operations Tel: 022-67141129 namita.palve@smerra.in	.

ABOUT SMERA

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

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.smera.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.smera.in) for the latest information on any instrument rated by SMERA.