

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.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.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
Proposed Bank facility	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B- / Stable

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ABOUT SMERA

SMERA Ratings Limited

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