



Press Release

Shree Soaps And Homecare Industries

October 17, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 15.00 crore bank facilities of Shree Soaps and Homecare Industries (SSHI). The outlook is '**Stable**'.

SSHI, a partnership firm based at Kutch (Gujarat) was established in 2018. The firm is engaged in manufacturing and packaging of detergent powder i.e. Surf Excel (Easy Wash), a Hindustan Unilever product. The manufacturing facility is located at Silvassa with installed capacity of 4800 Metric Ton per month.

Analytical Approach

Acuite has considered standalone business and financial risk profile of SSHI to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced Partners

The partnership firm is promoted by partners, Mr. Anilkumar Goyal and Mrs. Sandhyadevi Goyal. The key partner, Mr. Anilkumar Goyal has more than two decades of experience in Mineral Processors for Fillers used for Soaps & Detergents, Detergent Manufacturing and Packing, Warehousing and Logistics Services through their association with other group companies and firm under Rudraksh Group.

• Location advantage

The project is being set-up in Silvassa (Gujarat) which has many small scale industries and the unit is well connected to local and national highways which will thereby reduce the logistical cost.

Weaknesses

• Project off take risk

The firm has been newly established and yet to start commercial operations from April 2019. The project will cost of Rs.15.50 crore which will be funded through Rs.12.00 crore debt and rest from promoters contribution. The project construction and installation activities is expected to be completed in December 2019, any delay in implementation of project exposes the firm to significant off take and project execution risk.

• Intense competition

The company operates in market which is marked by the presence of several organised and unorganised players which will put pressure on margins and restricts bargaining power with the clients. However, the promoters' past relation and exclusive arrangement with Unilever for the

proposed project mitigate competition risk to certain extent.

Outlook: Stable

Acuite believes that the outlook of the SSHI will remain 'Stable' over the medium term on account of experienced partners. The outlook will be revised to 'Positive' if the company is able to increase the scale of operations while timely execution and completion of the project. On the contrary, the outlook will be revised to 'Negative' in a scenario of not achieving projected revenues or any delay in project execution.

About the Rated Entity - Key Financials

Not Applicable

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

Not Applicable as the commercial operations have not started yet.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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 Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE B / Stable

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About Acuité Ratings & Research:

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