

## Press Release

Slv International Inc

July 23, 2019

Rating Assigned



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

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 8.00 crore bank facilities of SLV INTERNATIONAL INC (SII). The outlook is '**Stable**'.

Established in 2015, SII is a Karnataka-based partnership firm promoted by Mr. C. Ramappa and family. The firm will be engaged in oil extraction and de-oiled cake from silkworm pupae. The silkworm oil finds application in pharmaceutical industry and soap industry. While, the de-oiled cake finds application in animal feed industry. The firm has its manufacturing facility located at Bangalore (Karnataka) with installed capacity of 12 metric tonnes per day.

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of SII to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

SII is promoted by Mr. C. Ramappa. The promoter possesses nearly a decade of experience in silk industry through jute silk reelers and silk trading. Further, Mr. Mallikarjun Reddy undertakes day to day activities of SII. He possesses experience in the extraction field of 5 years. Acuité believes that SII will benefit from experienced management which will help the firm to maintain long standing relations with its customers and suppliers.

#### Weaknesses

- **Debt funded capital expenditure**

The total project cost of SII is Rs.17.50 crore which is financed through a term loan of Rs.8.00 crore and promoter's funds of Rs.9.50 crore. The commercial production of the unit is expected to commence from October 2019. Acuité believes that the firm's ability to generate cash accruals over the medium term would be a key sensitivity factor. However, the project is exposed to time and costs overrun risk.

- **Niche market segment**

Sericulture is the science and technology of silk production through different processes. During various processes, other than main product, a number of secondary wastes are developed. After the silk is extracted from silk worm, the waste is utilised for silk worm oil extractions. The silkworm oil is used in pharmaceutical industry as a substitute for fish oil due to high concentration of proteins, soap industry with contains of fats and de-oiled cake is supplied to animal feed industry for its fiber content. However, this practice of product has a niche market and has very limited players in the industry. Although, SII being among the few players in the industry the firm will be able to demonstrate its performance with current orders in hand.

### Liquidity Position:

Acuité expects that the liquidity position of SII will be stretched for the first year of operations. Acuité believes that the promoters would support the company till operations stabilise. The liquidity of the company is likely to remain stretched over the medium term on account of nascent stage of operations and will rely on the ability of the promoters to fund the liquidity deficit in the initial stage of operations.

### Outlook: Stable

Acuite believes that SII will maintain 'Stable' business risk profile over the medium term on account of the management's experience in the sericulture industry. The outlook may be revised to 'Positive' in case of optimal utilisation of capacity leading to improvement in revenues and accruals. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in the scale of operations.

### About the Rated Entity - Key Financials

Not Applicable. The firm is expected to start operations from October, 2019.

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

None

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.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. Cr.)	Ratings/Outlook
Proposed Fund Based Facility	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B / Stable

### Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Grishma Muni Analyst - Rating Operations Tel: 022-49294075 <a href="mailto:grishma.muni@acuitratings.in">grishma.muni@acuitratings.in</a>	

### About Acuite Ratings & Research:

Acuite Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** An Acuite 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. Acuite 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, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite 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. Acuite 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuite.