

August 05, 2014

Facility	Amount (Rs. Crore)	Rating
Cash Credit	15.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-** (read as **SMERA single B minus**) to the Rs.15.00 crore bank facility of Down Town Handloom Private Limited (DTHPL). The outlook is '**Stable**'. The rating is mainly constrained by the company's nascent stage of operations in an intensely competitive segment of the retail industry. However, the rating derives comfort from the company's experienced management.

DTHPL, incorporated in 2013, is an Ahmedabad-based company engaged in trading of handicrafts, handlooms, apparels, consumer goods and home furnishing products. DTHPL commenced full-fledged commercial operations in April 2014, after availing cash credit limit from bank. The company operates under B2B (business-to-business) model, wherein goods are sold to wholesalers and retailers; and shop-in-shop (SIS) model, wherein goods are sold to end users through retailers. DTHPL faces intense competition from several players in the retail industry.

DTHPL is poised to benefit from its experienced management. Mr. Lalit Mehta, director of DTHPL, has around three decades of experience in the retail industry.

Outlook: Stable

SMERA believes the outlook on DTHPL's rated facility will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues and profitability while generating adequate cash flows for debt servicing. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial profile.

About the company

DTHPL, incorporated in 2013, is an Ahmedabad-based company promoted by Mr. Lalit Mehta. DTHPL's group entity (Rational Handloom Co. Private Limited) operates 16 supermarkets (under the name 'National Handloom') in Jodhpur, Jaipur, Barmer and Ahmedabad.

For FY2013-14 (refers to financial year, April 01 to March 31), DTHPL registered revenue of Rs.3.38 crore (provisional) and profit before tax of Rs.0.05 crore (provisional). Further, the company registered revenue of ~Rs.5.00 crore (provisional) during April 2014 to June 2014.

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SMERA RATINGS LIMITED

Down Town Handloom Private Limited (DTHPL)

*Rating
Rationale*

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