

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for Bank Loan Facilities amounting to ₹ 9.80 Cr of M/S Uma Fabrics.

Brickwork Ratings (BWR) has assigned the **Ratings**¹ of 'BWR B' for the long term Bank loan facilities of ₹ 9.55 Cr and 'BWR A4' for the Short term Bank loan facilities of ₹ 0.25 Cr of M/S Uma Fabrics.

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based			
TL	7.80	Long Term	BWR B (Pronounced BWR B) Outlook : Stable
CC	1.75		
Non Fund Based			
LC*	(7.80)	Short Term	BWR A4 (Pronounced BWR A Four)
BG	0.25		
Total	9.80	(INR Nine Crores and Eighty Lakhs only)	

**One time project LC limit (Import) of Rs.7.80 Cr sublimit of TL*

BWR has principally relied upon the audited financial results of M/S Uma Fabrics for FY 14 and further projected financials, publicly available information and information/clarification provided by the Company management.

The ratings assigned to the bank facilities of M/S Uma Fabrics are primarily constrained due to absence of operational track record, leveraged capital structure, its constitution as a partnership firm owing to the risk of withdrawal of capital, working capital intensive nature of operation and average financial risk profile marked by low net worth. The ratings however continue to factor in the vast experience of promoters about 2 decades in fabric industry, standing relationship with customer and easy availability of raw material in and around the plant location

Background

M/S Uma Fabrics was established during June 2012 as a partnership firm. The firm is engaged in the business of fabric weaving (processing of yarn to grey fabric). M/S Uma Fabric started the production in July 2014 from the newly set up unit. Manufacturing facility of the firm is based in GIDC, Chhatral, Gujarat. Promoters of the firm are associated in similar line of business for more than two decade with extensive experience in fabric industry.

Operation

M/S Uma Fabrics set up a new unit with total project cost capped at Rs. 12.7 Cr, of which Rs. 7.80 Cr is funded through term loans and the remaining Rs. 4.90 Cr through promoter contribution by way of equity and subordinate debt. Commercial operation was started in the

¹ Please refer to www.brickworkratings.com for definition of the Ratings

month of July, 2014. Installed capacity of the firm can generate revenue worth Rs.36 .00 Cr annually under optimum utilization of plant capacity.

The financial risk profile of the company during stabilization period would depend on the continued support of the promoter to meet the timely debt obligations in the medium term.

Rating Outlook

Going forward, the ability of the firm to generate the anticipated operational revenue on projected lines and improvement in capital structure would be the rating sensitivities

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