



September 17, 2010

## ICRA reaffirms the LBBB- rating and assigns A3 rating to bank limits of JHS Svendgaard Hygiene Products Limited; assigns stable outlook

ICRA has reaffirmed the long term rating at LBBB- (pronounced as L triple B minus) for Rs. 17.00 crore<sup>1</sup> term loan (including sub limits of non fund based limits) and Rs. 6.90 crore fund based bank limits of JHS Svendgaard Hygiene Products Limited (JHSSHPL)<sup>†</sup>. The long term rating carries stable outlook. ICRA has also assigned short term rating of A3 (pronounced as A three) to Rs. 0.60 crore non fund based bank limits of JHSSHPL.

The rating reaffirmation takes into consideration JHSSHPL's experienced management, its firm off-take agreement with P&G Home Products Limited (P&G) for detergent powder and income tax and excise tax benefits available to its plant in Himachal Pradesh. The rating reaffirmation also takes note of the proposed amalgamation of JHSSHPL in group entity JHS Svendgaard Laboratories Limited (JHSSLL). However the rating is constrained by company's nascent stage of operations as it recently started its manufacturing operations, its relatively high gearing and pressure on debt repaying capacity of the company post reduction in scale of operations and transfer of some operations to other group entity.

### Company's Profile

JHS Svendgaard Hygiene Products Limited (JHSSHPL) was incorporated during 1999. Earlier the company was involved in trading of oral care products; however these operations have been discontinued by the company and recently it has set up a plant to manufacture detergent powder for P&G Home Products Limited.

### Recent Results

The company started its operations in March 2010 and as per provisional numbers provided by the company, it has reported an operating income of Rs. 1.26 crore and profit after tax of Rs. 0.03 crore during FY2010

September 2010

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

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