

## Shanti Integrated Textile Park Private Limited

Instrument	Amount	Rating Action
Long Term Fund Based-Term loan	Rs. 63.00 crore	[ICRA]BB-(Stable) Reaffirmed
Short Term Non Fund Based-Bank Guarantee	Rs. 4.00	[ICRA]A4 Reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]BB-(pronounced ICRA double B minus) assigned to the Rs 63.00 crore<sup>1</sup> term loan facility of Shanti Integrated Textile Park Private Limited (SITPPL)<sup>2</sup>. ICRA has also reaffirmed the short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs 4.00 crore short term non fund based facility of SITPPL.

The re-affirmation of the ratings factors in the company's exposure to project execution risks, given the preliminary stage of construction of the proposed textile park, which is expected to be completed by April 2018; and any delay in the execution of the project may adversely impact the project metrics. The rating also incorporates the company's exposure to funding risks and the timeliness of receipt of members' contribution as well as grants. Any delay in receipt of the equity contribution and subsidy may impact the progress of the project. However, the liquidity support available with the company from its promoter's strong net-worth base and infusion of funds in the form of unsecured loans, provide comfort to some extent. ICRA notes that the timely payments of equated monthly instalments (EMIs) by member shareholders for servicing debt obligations will be critical.

The ratings, however, derive support from the demonstrated track record of the promoters in the textile and the real estate sectors. ICRA notes the location advantage that the company enjoys from its proximity to the textile cluster of Gujarat. The ratings also factor in the expected capital subsidy support from the Government of India under SITP, as well as from the State Government, which would lead to lower reliance on external funding. Nonetheless, with the company yet to receive a substantial portion (~90%) of the disbursements from the Government till date, the timeliness of the receipt of grants would remain crucial.

Going forward, SITPPL's ability to successfully commission the proposed textile park within budgeted costs and time, besides the timely collection of dues from unit holders, would be the critical factors determining the company's future debt service ability.

### Company Profile

Shanti Integrated Textile Park Private Limited (SITPPL) is a special purpose vehicle (SPV), promoted by the Gajera family of the Laxmi Group (Surat), who have interests in diversified sectors like real estate, gems and jewellery, textiles, solar energy, ceramics, and education. The company is currently developing a textile park over 48.16 acres of land near Surat, where 45 companies are to set up their manufacturing facilities for weaving, apparel manufacturing, spinning, etc. The project has been approved under the Government of India's Scheme for Integrated Textile Parks (SITP) in 2015, enabling part of the project cost to be Government-funded. The project is expected to be completed by the end of FY2018.

**September 2016**

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

<sup>2</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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