

### Signora Texport Private Limited: Downgraded

Names of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	8.00	SMERA D (Downgraded from SMERA C)
Letter of Credit	2.00*	SMERA D (Downgraded from SMERA A4)

\*Includes Letter of Guarantee (performance) as a sublimit to the extent of Rs.0.65 crore

SMERA has downgraded rating of the abovementioned bank facilities of Signora Texport Private Limited (STPL) to '**SMERA D' (read as SMERA D)** from 'SMERA C' (read as SMERA C) and 'SMERA A4' (read as SMERA A four). The rating downgrade reflects overdrawals in the cash credit account for 30 consecutive days.

The above mentioned rating continues to remain constrained by the company's weak liquidity position, small scale of operations and exposure to intense competition in the iron and steel industry. However, the company continues to benefit from its long track record of operations.

STPL's weak liquidity position is evident from the low net cash accruals of Rs.0.19 crore (provisional) in FY2016 and overdrawals in the cash credit account for 30 consecutive days in April 2016. The company has small scale of operations with revenue of Rs.28.65 crore (provisional) in FY2015-16 as compared to 46.67 crore in FY2014-15.

#### Rating Sensitivity Factors

- Curing of default
- Scaling up operations while improving liquidity

#### Criteria applied to arrive at the rating:

- Manufacturing Entities

#### About the Company

STPL, incorporated in 1994, is a Mumbai-based company engaged in the manufacturing of ingots at Silvassa, with installed capacity of 24,000 metric tonnes per annum (MTPA). In June 2014, the business of STPL was taken over by Mr. Manish Gupta, Mr. Pradeep Mishra, Ms. Archana Garg and Mr. Virendra Yadav (from Mr. Ajay Singhal, Mr. U.K. Singhal, Mr. U. K. Ahuja, Mr. U.S. Agarwal and Mrs. Sujata Agarwal).

For FY2014-15, STPL registered profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.46.67 crore, as compared with net loss of Rs.2.30 crore on operating income of Rs.30.03 crore in FY2013-14.

#### Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
27 Mar, 2015	Cash Credit	8.00	SMERA C (Assigned)	-	-
	Letter of Credit	2.00	-	SMERA A4 (Assigned)	-

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