

Status Spinning Mills Private Limited: Upgraded

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	4.50	SMERA B+/Stable (Upgraded from SMERA B/Stable)
Term Loan I	1.17	SMERA B+/Stable (Upgraded from SMERA B/Stable)
Term Loan II	0.31	SMERA B+/Stable (Assigned)

SMERA has upgraded the rating on the Rs.5.98 crore bank facilities of Status Spinning Mills Private Limited (SSMPL) to '**SMERA B+**' (read as **SMERA B plus**) from '**SMERA B/Stable**' and assigned rating of '**SMERA B+**' (read as SMERA B plus). The outlook is '**Stable**'. The upgrade reflects the company's healthy revenue growth and improvement in margins. The rating continues to draw comfort from the experience of the management and support from the parent company. Further, the rating also draws comfort from the healthy profit margin and average financial risk profile. However, the ratings are constrained by the moderate scale of operations, the highly competitive and fragmented industry and working capital intensive operations.

Rating Sensitivity Factors

- Fluctuations in raw material prices
- Efficient working capital management
- Scaling up operations while maintaining profit margins

About the Company

The Tamil Nadu-based SSMPL, incorporated in 1995 is engaged in the manufacture of cotton yarn. The company, promoted by Mr. S. Nagarajan, B. Suresh, P. Sudha and Amith Sailgal was engaged in the manufacturing of polyester yarn on job work basis till March, 2015. Subsequently, it began manufacturing polyester texturised yarn (thread) and has an installed capacity of 11,040 spindles. In November 2014, the company was taken over by VST Spintex India Private Limited.

The company reported profit after tax (PAT) of Rs.0.31 crore on net sales of Rs.11.63 crore in FY2016 as against PAT of Rs.(-0.17) crore on net sales of Rs.8.50 crore in FY2015.

Rating History

Date	Facilities	Amount (Rs. Crore)	Rating	Rating Outlook
			Long Term	
5 June, 2015	Cash Credit	4.50	SMERA B (Assigned)	Stable
	Term Loan	1.17	SMERA B (Assigned)	Stable

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations Tel: +91-22-6714 1105 Cell: +91-9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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