

August 11, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	3.19	SMERA B+/Stable (Assigned)
Cash Credit I	7.00*	SMERA B+/Stable (Assigned)
Cash Credit II	4.50	SMERA B+/Stable (Assigned)

*Includes ILC/FLC as sublimit to the extent of Rs.3.00 crore.

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.14.69 crore bank facilities of Wazir Singh Yarns Private Limited (WSYPL). The outlook is '**Stable**'. The rating is constrained by the company's weak financial risk profile and working capital intensive nature of operations. However, the rating draws support from the experience of the promoters in the textile industry and low debt to equity ratio.

Outlook: Stable

SMERA believes the outlook on WSYPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company achieves sustained growth in revenues while registering improvement in profit margins and maintaining a comfortable capital structure. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the company's revenues, profit margins and deteriorating capital structure.

About the Group

The Amritsar-based WSYPL established in 2008 undertakes manufacturing and trading of nonwoven fabric and home textiles.

For FY2013-14, the company registered net loss of Rs.0.09 crore on operating income of Rs.51.91 crore. WSYPL's net worth stood at Rs.9.38 crore as on March 31, 2014, as compared with Rs.6.23 crore a year earlier.

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