

November 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB/Stable (Assigned)
Letter of Credit	5.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (**read as SMERA double B**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.15.00 crore bank facilities of Dhanterash Sales Private Limited (DSPL). The outlook is '**Stable**'.

The rating is supported by the long track record of operations, experienced management and increasing scale of operations. The rating also draws comfort from the support from its flagship company, Wearit Global Ltd (rated SMERA BB+/Stable/A4+). However, the rating is constrained by the thin profit margins, susceptibility of the profit margins to volatility in raw material prices and working capital intensive operations.

Outlook: Stable

SMERA believes the outlook on DSPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers significant increment in its profitability while maintaining comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability and stretched working capital cycle.

Rating Sensitivity Factors

- Ability to improve profit margins while sustaining revenue growth.
- Efficient working capital management.

About the Company

Incorporated in 2009, DSPL, part of the Wearit group, is engaged in the trading of export seconds and process scrap (cotton and synthetic yarns). The company is promoted by Mr. Manish Kumar.

For FY2014–15, DSPL reported profit after tax (PAT) of Rs.0.17 crore on net sales of Rs.64.15 crore as compared with PAT of Rs.0.13 crore on net sales of Rs.57.29 crore in FY2013-14. The company's net worth stood at Rs.8.98 crore as on March 31, 2015, as compared with Rs.8.81 crore a year earlier.

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