



SMERA RATINGS LIMITED

Sri Mahavir Crimpers (SMC)

Rating Rationale

January 27, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	8.00	SMERA BB-/Stable (Assigned)
Term Loan	1.50	SMERA BB-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.9.50 crore bank facilities of Sri Mahavir Crimpers (SMC). The outlook is '**Stable**'. The rating draws comfort from the firm's experienced management and average financial risk profile. However, the rating is constrained by the moderate scale of business and susceptibility of the profit margins to volatility in raw material prices. The rating also factors in the firm's working capital intensive operations.

Rating Sensitivity Factors

- Fluctuations in raw material prices
- Increasing revenues and improving profitability margins
- Efficient working capital management

Outlook: Stable

SMERA believes that SMC will continue to maintain a stable business profile over the medium term on account of the firm's established presence in the textile industry and experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected revenues and improved profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

About the Firm

Incorporated in 1987, SMC was promoted by Mr. Kailashchand Mundhra and Mr. Mahavir Prasad Mundhra. The firm is engaged in the manufacture of polyester texturised yarn at Surat and has an installed capacity of 7200 MT per annum. However, the current utilisation is only 6768 MT per annum.

For FY2014-15, SMC reported profit after tax of Rs.0.19 crore on net sales of Rs.77.88 crore as compared with profit after tax of Rs.0.21 crore on net sales of Rs.77.41 crore in the previous year.

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