

Press Release

Spintex Jute India Private Limited (SJIPL)

7 February, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs.10.50 Cr.
Long Term Rating	SMERA BB/ Outlook:Stable

** Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) on the above mentioned facility of Spintex Jute India Private Limited (SJIPL). The outlook is '**Stable**'.

Incorporated in 2004, Mr. Rabi Sankar Ghosh, Mr. Surendra Kumar Agarwal and Mr. Sunil Jain, Spintex Jute India Private Limited (SJIPL) is engaged in trading of thermoware disposable utensils. The directors of SJIPL are also associated as directors in Sree Durga Fibre Products Private Limited (SDFPPL), a company engaged in the manufacturing of jute yarn, twines, ropes and thermoware disposable utensils. Thermoware disposable utensils traded by SJIPL are supplied entirely by SDFPPL. SJIPL is setting up a unit for weaving of Hessian fabric with installed capacity of 2400 MT per annum in 24 Parganas, West Bengal. Major raw material jute yarn used for manufacturing hessian fabric will be entirely supplied by SDFPPL.

Key rating drivers

Strengths

Experienced management: SJIPL is promoted by Mr. Rabi Sankar Ghosh, Mr. Surendra Kumar Agarwal and Mr. Sunil Jain who have more than two decades of experience in the jute industry.

Support from group company-Sree Durga Fibre Products Private Limited (SDFPPL): SJIPL's associate concern, Sree Durga Fibre Products Private Limited is engaged in the manufacturing of jute yarn, twines, ropes and thermoware disposable utensils. Thermoware disposable utensils traded by SJIPL are supplied entirely by SDFPPL. SJIPL is setting up a unit for weaving of hessian fabric, for which entire jute yarn requirement is supplied by SDFPPL. SDFPPL procures jute from the local suppliers in West Bengal and also imports from Bangladesh. Jute is available in abundance as West Bengal is the largest cultivator of jute in India.

Weaknesses

Project implementation risk: The total project cost of SJIPL stood at Rs.12.57 crore to be financed by way of partner's contribution of Rs.5.07 crore (Rs.3.78 as Capital infusion and Rs.1.29 crore in way of unsecured loans) and term Loan of Rs.7.50 crore through bank. The commercial production is expected to start from June 2018 and the unit is expected to be operational at 60 percent capacity in the first year, 70 percent in the 2nd year and 80 percent in the 3rd year.

Analytical approach: SMERA has taken a standalone view of SJIPL. The rating also factors in support by the parent company SDFPPL.

Outlook – Stable

SMERA believes that the outlook on SJIPL's rated facilities will remain stable over the medium term as the company will continue to benefit on account of its experienced management. The outlook may be revised to 'Positive' in case SJIPL is successful in completing the ongoing capex without any cost and time overruns. Conversely, the outlook may be revised to 'Negative' in case of significant time, cost overruns or significant decline in credit profile of the group company.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1.77	4.13	3.28
EBITDA	Rs. Cr.	0.19	0.09	0.20
PAT	Rs. Cr.	0.00	-0.12	-0.03
EBITDA Margin	(%)	10.76	2.07	6.00
PAT Margin	(%)	-0.27	-2.89	-0.88
ROCE	(%)	0.62	-4.10	-0.58
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.00
PBDIT/Interest	Times	47.56	464.31	35.25
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	107	36	88

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Criteria For Group And Parent Support- <https://www.smera.in/criteria-group.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable): None

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BB/ Stable (Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB/ Stable (Assigned)

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ABOUT SMERA

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