

**October 12, 2015**

Facility	Amount (Rs. Crore)	Rating
Packing Credit	55.20	SMERA BB+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.55.20 crore bank facility of Wearit Global Limited (WGL). The outlook is '**Stable**'. The rating derives comfort from the company's moderate financial risk profile marked by healthy network and modest gearing levels. The rating also takes into account the growing scale of operations, extensive experience of the promoters and their long track record in the textile industry. However, the rating is constrained by working capital intensive operations and susceptibility of the profit margins to fluctuations in raw material prices.

Outlook: Stable

SMERA believes the outlook on WGL'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. 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 maintaining growth in revenue.
- Efficient working capital management.
- Capex plans and its funding pattern

About the Company

WGL, (the erstwhile Ritspin Global Limited) incorporated in 1999 as an investment company changed its business to trading in polyester yarns and fibres in 2002. The company started with manufacturing activities from FY'11 with the acquisition of a spinning unit which had installed capacities of 25,776 spindles. Currently, the company has a combined installed capacity of 1, 55,648 spindles presently and is managed by Mr. Manish Kumar.

WGL reported profit after tax (PAT) of Rs.6.69 crore on operating income of Rs.701.13 crore for FY2014-15, as against PAT of Rs.4.52 crore on operating income of Rs.468.02crore in FY2013-14.

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SMERA RATINGS LIMITED

Wearit Global Limited (WGL)

*Rating
Rationale*

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