

**March 08, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	23.20	SMERA BB /Stable (Assigned)
Cash Credit (Proposed)	2.88	SMERA BB /Stable (Assigned)
WCDL	3.30	SMERA BB /Stable (Assigned)
FDDBP	4.50	SMERA BB /Stable (Assigned)
Term Loan	14.62	SMERA BB /Stable (Assigned)
Bank Guarantee	0.50	SMERA A4+ (Assigned)
Letter of Credit	1.00	SMERA A4+ (Assigned)

SMERA has assigned 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 above mentioned bank facilities of Maris Spinners Limited (MSL). The outlook is '**Stable**'. The ratings derive comfort from the company's established operational track record and vast experience of promoters. The ratings also draw comfort from the moderate financial risk profile marked by healthy net cash accruals and comfortable liquidity position. However, the ratings are constrained by the highly fragmented and competitive textile industry, susceptible of margins to fluctuations in cotton prices and seasonal availability of raw material.

Outlook – Stable

SMERA believes that MSL will continue to benefit over the medium term from its promoters' industry experience. The outlook may be revised to 'Positive' if the company reports sustained increase in cash accruals leading to steady improvement in liquidity and capital structure. Conversely, the outlook may be revised to 'Negative' if MSL undertakes large debt-funded capex or if the revenue and cash accruals decline leading to deterioration in the financial risk profile.

Rating Sensitivity Factors

Scaling up operations
Maintaining profitability margins
Efficient working capital management

About the Company:

MSL was originally incorporated in 1979 and became a deemed public limited company from July' 1994. The company has its manufacturing units in Mysore district of Karnataka and Tiruchirapalli district of Tamil Nadu. MSL currently has an installed capacity of 49,536 spindles and predominantly manufactures 100 per cent cotton combed yarn of counts 40's and 60's.

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SMERA RATINGS LIMITED

Maris Spinners Limited (MSL)

*Rating
Rationale*

For FY2014-15, MSL reported profit after tax (PAT) of Rs.3.31 crore on operating income of Rs.119.69 crore as compared with PAT of Rs.4.04 crore on operating income of Rs.115.63 crore for FY2013-14. For FY2016, Q3, the company registered revenue of Rs.81.81 crore.

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