



SMERA RATINGS LIMITED

Marim Impex (India) Private Limited (MIPL)

Rating Rationale

December 17, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00*	SMERA B+/Stable (Suspension Revoked; Rating Assigned)

**Interchangeable with non fund based import Letter of Credit to the extent of Rs 3.50 crore.*

SMERA has revoked the suspension of rating on the Rs.6.00 crore bank facility of Marim Impex (India) Private Limited (MIPL) and assigned rating of **'SMERA B+' (read as SMERA B plus)**. The outlook is **'Stable'**.

SMERA had on June 01, 2015 suspended the rating for lack of necessary information from MIPL. The company has now shared the requisite information, enabling SMERA to assign a rating to the bank facilities.

The rating is constrained by the company's moderate scale of operations and weak profitability amidst intense competition in the iron and steel industry. The rating is also constrained by the susceptibility of profit margins to volatility in the prices of traded goods, forex rates and the average financial risk profile. The aforementioned weaknesses are partially offset by the established track record of operations, experienced management and comfortable liquidity position.

Outlook: Stable

SMERA believes MIPL will maintain a moderate business risk profile in the medium term on account of its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company achieves significant growth in scale of operations along with improvement in profitability while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the capital structure mainly on account of stretched working capital cycle or large debt-funded capex.

Rating Sensitivity Factors

- Scaling of operations while improving profitability
- Improvement in the capital structure
- Effective working capital management

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Marim Impex (India) Private Limited (MIPL)

*Rating
Rationale*

About the Company

PT, established in 1986, is Coimbatore-based partnership firm engaged in manufacturing and trading of grey fabrics. PT has outsourced weaving operations. The firm plans to set up eight weaving looms. PT is entitled to capital and interest subsidy under the Technology Upgradation Fund Scheme (TUFS). The overall operations of the firm are managed by Mr. Prakash Subbaiyan.

For FY2015-16, PT reported profit after tax (PAT) of Rs.0.09 crore on operating income of Rs.24.07 crore, as compared with PAT of Rs.0.10 crore on operating income of Rs.26.84 crore in FY2014-15.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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