

Rating Rationale

Brickwork Ratings withdraws long term rating ‘BWR B’ & reaffirms short term rating ‘BWR A4’ for the Bank Loan facilities aggregating ₹ 5.70 Cr of M/S AD Textile.

Brickwork Ratings withdraws long term **Ratings¹** ‘BWR B’ and reaffirms short term rating ‘BWR A4’ for the Bank Loan facilities of ₹ 5.70 Cr of AD Textile.

Facilities		Tenure	Previous sanction Limits in Rs.Crs	Rating	Facilities	Present Sanction Limits in Rs.Crs	Tenure	Revised Rating
Fund Based	Cash Credit/Export Packing Credit(EPC)	Long Term	4.50	BWR B; Outlook: Stable	Fund Based	Export Packing Credit(EPC)	Short Term	BWR A4
	Cash Credit/Stand -by Line of Credit(SLC)		0.80			Stand -by Line of Credit(SLC)		
	Term Loan(WCDL)	1.95	Foreign Demand Bills Negotiation(Non LC)	2.00				
	Term Loan-1(SME Care)	0.90						
Non-Fund Based	Bank Guarantee		0.20	Non-Fund Based	Bank Guarantee	0.20		
Total			₹ 8.35 Crs	INR.Eight Crores and Thirty Five lakhs Only		₹ 5.70 Crs	INR.Five Crores and Seventy lakhs Only	

BWR has principally relied upon the audited results up to FY14 and information/clarification provided by the firm’s management.

The rating derives its strengths from vast experience of the promoters, established market, low gearing reflected in FY14 and satisfactory revenue growth in FY14. However, the ratings are constrained by low scale of operations, customer concentration risk and forex risk. The rating also factors in the industry characterized by severe competition from players in the unorganized as well as organized sectors.

Background:

A D Textiles, a partnership firm, was established in 2005. The company operates with one manufacturing plant located in Karur, Tamil Nadu. The plant is well equipped with dyeing, weaving, printing & embroidery, cutting & stitching, checking & finishing and packaging facilities. The company is exporting its products to US, France, UK.A D Textiles is accredited with ISO 9001: 2000 quality certification. Approx.90% of its revenue is generated from Scott Ltd, USA.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

AD Textile net revenue from operations increased from ₹ 21.26 Cr in FY13 to ₹ 26.18 Cr in FY14. Operating profit margin and net profit margin reported at 10.94% and 4.32%. Tangible Net worth of the company increased from Rs.5.62 Crs in FY13 to Rs.6.66 Cr in FY14 due to retention of profits. Debt equity ratio was at 0.84 Times in FY14.

Rating Outlook:

The outlook is expected to be stable for the next one year. Going forward the ability of the company to achieve its projected revenues and to sustain profitability margins and to manage the risk associated with the foreign currency fluctuations will be key rating sensitivities .

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