



Rating Rationale

A.P.R Ginn & Pressing Mills

23 Nov 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.00 Crores of A.P.R Ginn & Pressing Mills.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	5.00	Long Term	BWR B (Pronounced as BWR Single B) (Outlook: Stable)
Total	5.00	INR Five Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the concern's audited financial statements upto FY17 and publicly available information and the information/clarifications provided by the company.

The ratings draws strength from experience of management in textile industry, moderate current ratio and long standing relationship with customers. However, the rating is constrained by high gearing ratio, elongation in working capital cycle and thin profit margins. Further being a proprietorship concern, any withdrawals of the capital by the proprietor for any contingencies would adversely impact the capital structure which would be a rating sensitivity.

Going forward, the ability of the concern to increase its operating margins, profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of management:** Mr.A.P.Rangasamy is the proprietor of the concern and has more than decades of experience in the textile industry
- **Moderate current ratio:** Current ratio is moderate at 1.48 times in FY17
- **Long standing relationship with customers:** Since the concern has been in existence from 1985, it has established long standing relationship with customers



Credit Risks:

- **High Gearing ratio:** Gearing ratio is high at 2.59 times in FY16 and 2.30 times in FY17
- **Low Tangible Net Worth:** Tangible Net Worth is low at Rs.3.13Cr in FY16 and FY17
- **Thin Profit Margins:** Profit margin of the company is thin at 0.65% in FY16 and 0.88% in FY17
- **Constitution of the entity as a proprietorship concern:** A.P.R Ginn & Pressing Mills being a proprietorship concern, is exposed to inherent risk of capital withdrawal at the time of personal contingency which will affect its capital structure

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **A.P.R Ginn & Pressing Mills** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Concern

A.P.R Ginn & Pressing Mills is a proprietorship concern situated Coimbatore, Tamil Nadu and established in 1985. Mr.A.P.Rangasamy is the proprietor of the concern and has more than decades of experience in the textile industry. The concern operates a cotton ginn and pressing unit in Annur, Coimbatore.

The concern has 24 ginning machines each with a production capacity of 50 kg of ginned cotton per hour. Concern mainly deals in DCH variety of raw cotton which is procured directly from farmers. The concern produces cotton lint which is sold to various dealers

Financial Performance of the concern

The company reported a net revenue from operations of Rs.14.12Cr in FY17 and Rs.19.86Cr in FY16. Net profit margin reported at 0.88% in FY17. Tangible net worth stood at Rs.3.13Cr as at the end of March 31, 2017

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Cash Credit	long Term	5.00	BWR B (Outlook: Stable)	NIL	NIL	NIL
	Total		5.00	₹ Five Crores Only			

Key Financial Indicators

Key Parameters	Units	2017	2016	2015
Result Type		Audited	Audited	Audited
Operating Revenue	₹ Cr	14.12	19.86	20.06
EBITDA	₹ Cr	0.99	1.12	1.02
PAT	₹ Cr	0.12	0.13	0.12
Tangible Net worth	₹ Cr	3.13	3.13	2.53
Total Debt/Tangible Net worth	Times	2.30	2.59	2.98
Current Ratio	Times	1.48	1.52	1.67

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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