

Rating Rationale

Brickwork Ratings assigns 'BWR B' for Bank Loan facilities aggregating to ₹10.12 Cr of Abinav Ginning Mill

Brickwork Ratings has assigned the following **Ratings¹** for Bank Loan facilities of **Abinav Ginning Mill** ("the firm").

Facilities	Limits (₹ Cr)	Tenure	Rating
Fund Based Limits		Long Term	BWR B Pronounced BWR B (Outlook: Stable)
Cash Credit	5.00		
Proposed Cash Credit	5.00		
Term Loan	0.12*		
Total	10.12	INR Ten Crores and Twelve Lakhs Only	

* Term Loan O/s as on 12 Sept, 2016

Proposed cash credit facilities is only proposed by the firm

BWR has primarily relied upon the audited financials up-to FY16, projected financials up to FY18, publicly available information and the information/clarifications provided by the firm. The rating draws strength from proprietor's experience in the cotton industry, locational advantage of manufacturing unit with its connectivity to the cotton growing belt and visible growth in revenue. However, the ratings are constrained by low scale of operations considering the existence of the firm, decline in profitability margins, low tangible network, , high gearing, working capital intensive nature of operations, seasonality involved in the supply of raw materials, vagaries of weather conditions impacting performance and highly competitive industry.

Background:

Abinav Ginning Mill was established in the year 1999 as proprietorship concern by Mr.O.P. Dharmaraj. The firm is engaged in ginning of cotton and pressing to produce cotton seed and cotton lint. The manufacturing unit is located at Annur, Coimbatore, and Tamil Nadu.The manufactured product sold under the brand name -' ABINAV'.

Financial Performance:

As per audited FY16 financials, operating income from operations improved from Rs. 8.40 Crores in FY15 to Rs. 21.40 Crores in FY16.

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

Operating profit margins reported at 4.36% and net profit margin of 1.07% in FY16. Tangible networth of the firm reported at ₹ 1.26 Crores in FY16. The firm reported high gearing level reflected from debt equity of 5.89X in FY16.

Rating Outlook:

The outlook of the company is expected to be stable for the next one year. Going forward, the ability of the firm to register consistent growth in turnover with an increase in profitability margins, efficient management of its working capital requirement and servicing debt in timely manner would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.