Brickwork Ratings assigns 'BWR A4' for the Bank Credit Facilities aggregating ₹ 6 Cr of Adil Textiles Pvt. Ltd.

Bank Loan Rating: BWR A4

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for the short term Bank credit facilities of ₹ 6 Cr including fund based and non-fund based amounts.

Facility	Limits (₹ Cr)	Tenure	Rating
Export Packing Credit (EPC)	3.00	Short Term (Fund Based)	BWR A4
FBD	2.00		
Letter of Credit (LC)	1.00	Short Term (Non-Fund Based)	
Total	6.00	INR Six Crores only	

The ratings are constrained by the modest scale of operations of Adil Textiles Pvt Ltd and its weak financial risk profile marked by fluctuating profit margins and exposure to Forex risks. The rating also factors in the industry characterized by severe competition from players in the unorganized as well as organized sectors.

The ratings, however, favorably take into account the vast experience of the promoters and established operations of the firm.

Background of the company:

Adil Textiles Pvt Ltd was established in 2009. The unit is located at Tirupur, Tamil Nadu. It is involved in manufacturing of textile garments for Military Purposes. The directors of the company are Mr. Shahul Hameed and Aysha Nasren Shahul Hameed. The director of the company Mr. Shahul Hameed has an overall experience of 20 years in same line of business. The company exports its products to Middle East and African countries. The company procures raw materials from reputed spinning companies present at Tirupur.

Financials:

During FY12, the net revenue from operations has marginally increased to ₹ 11.96 Crores from ₹ 11.77 Crores in FY11. The company's profitability is low with operating profit margin

[1] ***Please refer to BWR website www.brickworkratings.com for definition of the Rating***

of 2.32 per cent and net profit margin of 1.06 per cent for FY 12. Good Liquidity position for the company which is evident from current ratio of 2.48 times for FY12. The tangible net-worth is low with 0.59 crores for FY12.

Rating Outlook:

The ability of the company to improve capital structure and increase volumes, going forward, remains the key rating sensitivity

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