

Rating Rationale

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 18.70 Cr of Aland Spinners Pvt. Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan Facilities of Aland Spinners Pvt. Ltd (ASPL or 'the company'):

Facility (Existing)	Amount ₹ Cr	Tenure	Rating
Fund Based			
Cash Credit	4.00	Long Term	BWR B+ (BWR B Plus) Outlook: Stable
Term Loan	13.70		
Non Fund Based			
Bank Guarantee	1.00	Short Term	BWR A4 (BWR A Four)
Total	18.70	(INR Eighteen Crores & Seventy Lakhs only)	

BWR has principally relied upon the projected financial results up to FY 16, publicly available information and information/clarifications provided by the company.

The ratings reflect the experienced management and strong group support. The ratings are, however, constrained by the limited track record of the company on account of recent commencement of operations, volatility associated with raw material prices, the highly competitive cotton textile industry and the working-capital-intensive nature of business.

Background:

Aland Spinners Pvt. Ltd was established by Mr. M.Natesan in 2013. The company has set up a spinning mill with 9072 spindles at Pallipalayam, Namakkal district, Tamil Nadu. Construction was completed in October 2013. Mr. Natesan and his family run textile manufacturing units in the name of Amaravathy Textiles and Aditya Fabrics at Namakkal District. The family controls about 100 own looms and about 500 looms (outsourced). Considering the consumption of yarn at their own units, the family has ASPL with 9072 spindles (9 frames). Their expansion plans include increasing the capacity by 6048 spindles after one year.

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

Management Profile:

The Promoter of ASPL is Mr. Natesan, who has over three decades of experience in the textile industry. Mr. N. Jagateesan, son of the promoter, is the Managing Director.

Financial Performance:

ASPL has commenced commercial operations from Nov 2013. On a provisional basis, ASPL has reported a profit after tax (PAT) of ₹0.25 Cr on net sales of ₹11.79 Cr for FY 14 (5 months). Capital infused by the promoters as on March 31, 2014 is Rs.6 Cr.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the ability of the company to expand its scale of operations and achieve targeted revenues, achieve customer diversification of its revenue profile, increase profitability margins and manage its working capital efficiently will be the key rating sensitivity factors.

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