

## Rating Rationale

**Brickwork Ratings Upgrades rating to ‘BWR BB-’ for the enhanced Long Term Bank Loan Facilities & Reaffirms rating at ‘BWR A4’ for the Short Term Bank Loan Facilities of Aland Spinners Pvt. Ltd aggregating to ₹18.82 Cr (Enhanced from ₹ 18.70 Cr)**

Brickwork Ratings has *upgraded* the **Rating**<sup>1</sup> for the enhanced Long Term Bank Loan Facilities and *reaffirmed* the rating for Short Term Bank Loan Facilities of Aland Spinners Pvt Ltd (“ASPL” or “the Company”) as follows:

Bank Facility	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Rating History (June 2014)	Present Rating (Oct 2015)
Cash Credit	4.00	5.00	Long Term	BWR B+ (BWR Single B Plus)	<b>BWR BB-</b> (BWR Double B Minus)  <b>Outlook: Stable Upgraded</b>
Term loan	13.70	12.73*		Outlook: Stable	
Bank Guarantee	1.00	1.09	Short Term	BWR A4 (BWR A Four)	<b>BWR A4</b> (BWR A Four)  <b>Reaffirmed</b>
<b>Total</b>	18.70	<b>18.82</b>	<b>INR Eighteen Crores &amp; Eighty Two Lakhs only</b>		

\*Term Loan Outstanding as on October 29 2015

BWR has essentially relied upon the Company’s audited financial statements up to FY15, projected financials up to FY17, and the information/clarifications provided by the Company.

The rating continues to draw strength from experienced management, group support and improvement in performance. However, the rating remains constrained by the limited track record of operations, volatility in raw material prices, intense competition and working capital intensive nature of business.

### Business operations

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, Tamilnadu. 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).

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

Their expansion plans include increasing the capacity by 3024 spindles in the current financial year [FY16]. The company sells locally to power looms through brokers and not through orders. ASPL has 300-400 customers located in Pallipalayam, Erode, Kolkata and Biwandi.

### Management

Aland Spinners Private Limited is a family owned Company with 19 shareholders. Mr Jagateesan is the Managing Director. Mr M Natesan, Mrs N Gandhimathi and Mrs J Sumathi are the directors.

### Financial Performance

Operating Income of the Company increased from Rs11.35 Crores in FY14 (6 months operations) to Rs27.31 Crores in FY15. Profit after tax (PAT) improved from Rs 0.05 Crore in FY14 to Rs1.01 Crores in FY15. On a provisional basis, ASPL has reported Total Operating Income of ~Rs17.51 Crores and PAT of Rs0.95 Crores for HY1FY16.

### Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to increase its scale of operations, increase profitability, ensure timely debt servicing and manage its working capital efficiently would be the key rating sensitivities.

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