Rating Rationale

M/s Amaravathi Spinning Mills (RJPM) Pvt Ltd

November 27, 2017

Brickwork Ratings on a review downgrades the rating to BWR D from BWR B/A4 for the bank Loan facilities aggregating Rs. 14.74 Crores of M/s Amaravathi Spinning Mills (RJPM) Pvt Ltd (ASMRPL or the Company)

Particulars

Facilities Rated	Amount (Rs. Crs)		Tenure	Rating	
	Previous	Present		Previous	Present
Fund Based Cash Credit Term Loan(ABL)	7.00 2.55	7.00 2.21	Long Term	BWR B (Pronounced BWR Single B) outlook:Stable	**BWR D (Pronounced BWR Single D) Downgradation**
Fund Based EPC SLC	3.00 1.50	3.00 1.50	Short Term	BWR A4	
Non-Fund Based Letter of Credit CEL	1.00 0.03	1.00 0.03			
Total	**15.08**	**Rs.14.74 Crs (INR fourteen crores and seventy four lakhs only)**			

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

The accounts of the Amaravathi Spinning Mills (RJPM) Pvt Ltd have been classified as Sub-Standard accounts w.ref 17.09.2017 hence the sanctioned facilities are not renewed

Rating Diwngraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements up to FY17, and publicly available information and information/clarifications provided by the Company.

The ratings downgrade reflects multiple instances of delays in debt servicing during the year. However the ratings draws the comfort from the experience of the promoters in the cotton industry year on year improvement in the revenues.

Description of Key Rating Drivers

Key Rating Strengths: Company revenues are improved from Rs.25.45 Crs in FY16 to Rs.27.31 Crs in FY17

Key Rating Concerns: Irregularities in debt servicing and account become Sub-Standard on 17.09.2017 as confirmed by the Banker.

About the Company:

Amaravathi Spinning Mills (Rajapalayam) Private Limited, incorporated in November 1989 and company is primarily engaged in producing of cotton yarn located at Rajapalayam (Tamil Nadu) and the Company commenced commercial production in 1992 with a capacity of 2,880 spindles and gradually enhanced it to 12,168 spindles. The firm sells yarn in markets like Coimbatore, Salem, Erode, Tirupur and Karur. ASMRPL has also commenced production of socks at Erode (Tamil Nadu) in August 2011 and exports the same to Poland. The Company is closely held by the promoters and their relatives.

Financial Performance

As per audited financial of FY17, Company has reported EBITDA of Rs.3.21 crore and PAT of Rs.0.31 crore on total operating income of Rs.27.31 crore as against EBITDA of Rs.3.24 crore and PAT of Rs.0.30 crore on total operating income of Rs.25.45 crore in FY16. As on 31/03/2017 the Company's tangible networth stood at Rs.6.62 Crs, while Debt/Equity ratio is 2.08 times, Net Profit Margin, Operating Profit Margin, and Current Ratio have been recorded at 1.14%, 11.76 %, 1.44 times respectively.

Rating History for the last three years

Sl. No	Instrument/ Facilities	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. Cr)	Rating	01-09-2016	2015	2014
1 2	Cash Credit Term Loan(ABL)	Long Term	7.00 2.21	BWR D (Pronounced BWR Single D) Downgradation	BWR B (Pronounced BWR Single B) outlook:Stable	NIL	NIL
3 4 5 6	EPC SLC Letter of Credit CEL	Short Term	3.00 1.50 1.00 0.03		BWR A4		
Total		**Rs.14.74 Crs (INR fourteen crores and seventy four lakhs only)**					

* Issuer did not cooperate; Based on best available information

Status of Non Cooperation with Other CRA: Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

Annexure

Key Parameters		FY15 (Audited)	FY16 (Audited)	FY17 (Audited)
Net Sales	₹ Crs	19.30	25.45	27.31
EBITDA	₹ Crs	2.70	3.24	3.21
PAT	₹ Crs	0.13	0.30	0.31
Tangible Net worth	₹ Crs	6.03	6.31	6.62
Total Debt/Tangible Net worth	In X	2.00	2.26	2.08
Current Ratio	In X	1.21	1.48	1.44