

## Rating Rationale

### Amitoj Textiles Limited

9<sup>th</sup> May 2017

## Brickwork Ratings assigns ratings for the Bank Loan Facilities of Amitoj Textiles Limited

### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b><u>Fund Based</u></b>			
<b>Cash Credit</b>	<b>8.00</b>	<b>Long Term</b>	<b>BWR B+</b> <i>(Pronounced as BWR Single B plus)</i> <b>Outlook: Stable</b>
<b>Term Loans</b>	<b>2.20</b>		
<b>Total</b>	<b>Rs. 10.20 Crores (Rupees Ten Crores and Twenty Lacs Only.)</b>		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating derives comfort from promoters' experience and their ability to infuse funds, established relations with customers and suppliers, increase in net working capital, above average debt-protection metrics, and scaling up of operations by deploying machinery obtained under TUFS scheme. The rating strengths are partially set off due to low scale of operations, low capital base, high customer and supplier concentration risk, stretched liquidity despite infusion of capital, susceptibility to forex fluctuations, and presence in highly competitive and fragmented industry.

The ability of the promoter's to increase the scale of operations profitably, maintaining working capital requirements, and timely servicing of debt-payment obligations would be the key rating sensitivities.

### Analytical Approach (Wherever applicable): NA

### Rating Outlook: Stable

BWR believes the **Amitoj Textiles Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Entity

Ludhiana-based Amitoj Textiles Ltd. (ATL) is a public limited company incorporated in 2012. The company acquired Amitoj Trading Company which dealt in trading of textile products in September 2016. ATL was initially engaged in trading of textile products, but the company has recently entered into manufacturing segment for which they have obtained machinery under TUFSS subsidy to manufacture velour fabric, knitted fabric, terry towel, fancy frill, and knitted sweaters. The machinery deployed will increase the production capacity of ATL to 67,500 pieces per month, and is expected to be utilized at a level of 80%. Directors – Varinder Singh, Harvinder Kaur, and Manjeet Kaur – actively manage the operations of the company.

### Company Financial Performance

Company generated total operating income of Rs. 21.03 Crs in FY16 as compared to Rs. 16.61 Crs in FY15. Profit after Tax of the company stood at Rs. 0.14 Crs in FY16 against Rs. 0.08 Crs in FY15.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	8.00	BWR B+	NA	NA	NA
2	Term Loans		2.20	Outlook: Stable	NA	NA	NA

Status of non-cooperation with previous CRA (if applicable): Reason and comments: NA

Any other information: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

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