

Rating Rationale

Ammanarul Spinners Pvt Ltd

27th June 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 23.91 Cr of Ammanarul Spinners Pvt Ltd

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based Cash Credit	13.44	Long Term	BWR D (Pronounced BWR D)
Term Loans	10.47		
Total	Rs. 23.91 Crores (INR Twenty Three Crores and Ninety One Lakhs Only.)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY 16, provisional numbers for FY 17, publicly available information and information/clarifications provided by the company management.

The rating is constrained by inability of company to service its debt obligations in a timely manner due to its stressed cash flows. The rating is further constrained by unfavourable capital structure, low profit margins and geographic concentration risks.

However, the rating draws comfort from promoters having relevant experience and the company investing in upgrading its machinery resulting in higher capacity and eventually higher revenues over the last three years.

About the Company

Ammanarul Spinners Pvt Ltd (ASPL) was formed as a result of takeover of 'Thamapati Textiles Pvt Ltd in 1995, with the company starting its operations in 2002. ASPL is engaged in manufacture of blended, polyester and cotton yarns, which finds use as cushioning and insulating material in pillows, comforters and upholstery padding. The company has its plant located in Athal, Daman & Diu and Salem, Tamil Nadu with a total capacity of manufacturing 18 tonnes of yarn. The company procures its key raw materials from local suppliers and mainly caters to companies located in Bhiwandi, Maharashtra and in Mumbai, Maharashtra through its brokers. ASPL is promoted by Mr. Maheshkumar Saraf, a director in the company.

Company Financial Performance

As per audited financials for FY 16, Total Operating Income increased to Rs. 77.22 crs (v. Rs. 75.92 crs in FY 15) , with polyester & blended yarn contributing most of it. Profitability, both at EBITDA & PAT declined, with EBITDA at Rs. 6.90 crs (v. 7.20 crs), while PAT at Rs. 0.46 crs (v. 0.80 crs). Capital structure is unfavourable as Tangible Networth & Total Debt at 6.23 crs (v. 5.77 crs) & Rs. 34.91 crs (v. 28.18 crs) respectively, with a gearing ratio of 5.60x. Debt coverage ratios of ISCR are moderate at 1.71x & 1.37x respectively, so is the liquidity with cash conversion cycle of 96 days and current ratio at 1.04x.

As per provisional financials for FY 17, the firm managed net sales of Rs. 80.99 crs, with EBITDA & PAT at Rs. 7.72 crs & Rs. 0.53 crs respectively. Tangible Networth & Total Debt stand at Rs. 6.77 crs & Rs. 38.78 crs respectively.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Cash Credit	Long Term	13.44	D	-	-	-
2.	Term Loans	Long Term	10.47	D	-	-	-

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.