

Rating Rationale

Amrutha Knit Fab

1 Aug 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.5.34 Crs of Amrutha Knit Fab

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating
<u>Fund Based</u>			BWR B
Cash Credit	1.00	Long Term	(Pronounced as BWR B)
Term Loans	4.11		Outlook: Stable
<u>Non-Fund Based</u>		Short Term	BWR A4
Bank Guarantee	0.23		(Pronounced as BWR A Four)
Total	5.34		(INR Five Crores and Thirty Four 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 FY16, Provisional for FY17 and Projections up to FY18 of Amrutha Knit Fab, publicly available information and information/clarification provided by the firm.

The ratings factors experience of the promoters in the industry for decades, long-standing relationship with the distribution network and growth in income. Moreover, as the firm has its processing unit in Tirpur (Tamilnadu), which is a textile hub, providing an easy access to the skilled labourers and raw materials as well.

The rating, however, continues to remain constrained by small scale of operations, limited pricing power of the players in the fragmented and highly competitive segment. The ability of the firm to increase its scale of operations, sustain profitability margins while the volatility in

raw material prices, exchange rates and managing the working capital would be the key rating sensitives.

Rating Outlook: Stable

BWR believes the **Amrutha Knit Fab** 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 Firm

Amrutha Knit fab, a partnership firm established in the year 2014 at Tirpur, Tamilnadu by Mr. Duraisamy and Mr.Muruganantham as partners. The firm engaged in processing of cloth compacting and wet cloth stentoring. Currently they have employee strength of 80 No's. Thirumala knit finisher, an associate firm also engaged in the same line of business.

Financial Performance of the firm

As per Provisional Financial statement of FY17, Total Operating Income is ₹9.51 Cr, Net profit of the firm is ₹0.90Cr. The firm net worth stood at ₹5.58 Cr.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Rating History					
		Type (Long Term/Short Term)	Amount (Rs Crs) Present	Rating	2016	2015	2014
1.	Cash Credit	Long Term	1.00	BWR B	NA		
2.	Term Loans		4.11				
3.	Bank Gurantee	Short Term	0.23	BWR A4			

Hyperlink/Reference to applicable Criteria

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

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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.

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