



## Rating Rationale

Amurtha Textiles

April 6, 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹8.54 Crs of Amurtha Textiles.**

### Particulars

Facility	Previous Rating Limits (₹ Crores)	Present Rating Limits (₹ Crores)	Tenure	Previous Rating (August 2015)	Present Rating <sup>1</sup>
<u>Fund Based</u> <b>Cash Credit</b>	<b>3.30</b>	<b>4.30</b>	<b>Long Term</b>	BWR BB- (Outlook: Stable)	<b>Reaffirmed at BWR BB- (Outlook: Stable)</b>
<b>Term Loan*</b>	<b>3.85</b>	<b>3.36</b>			
<u>Non Fund Based</u> <b>Letter of Guarantee</b>	<b>1.72</b>	<b>0.88</b>	<b>Short Term</b>	BWR A4	<b>Reaffirmed at BWR A4</b>
<b>Total</b>	<b>8.87</b>	<b>8.54</b>	<b>INR Eight Crores and Fifty Four Lakhs Only</b>		

*\*Term loan outstanding as on March 27, 2017*

*<sup>1</sup>Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned*

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

BWR has essentially relied upon the audited financial results of Amurtha Textiles up to FY16, projected financials upto FY18 and information and clarifications provided by the firm.

The rating continues to factor, established track record and promoters' experience in the textile business, moderate gearing level and locational advantage. However, the rating is constrained by small scale of operations, working capital intensive operations, decline in profitability, exposure to the volatility of the raw material prices, stiff competition from the other players in the industry and limitation of the constitution being a proprietorship concern.

Going forward the ability of the firm to enhance its scale of operations, improve profitability and capital structure, manage working capital efficiently shall be the key rating sensitivities.

### Rating Outlook: Stable

BWR believes the Amurtha Textiles'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 Firm

Amurtha Textiles (AT) is a proprietorship firm setup in 1992 by Mr. S. Sathasivam with an installed capacity of 18960 spindles. The firm is engaged in the manufacture of cotton yarn of 40s count and also grey fabric, with fabric conversion being completely outsourced. The firm's manufacturing facility is located in Coimbatore, Tamil Nadu. The firm has tied up with various unorganized weavers for the fabric conversion.

### Firm's Financial Performance

Net sales from operations was at ₹32.02 crores in FY16 against ₹37.50 crores in FY15. The net profit of the Firm was at ₹0.42 crores in FY16 as against ₹1.36 crores in FY15.

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

Instrument/ Facility	Current Rating (2017)			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2016	2015	2014
Fund Based	Long Term	7.66	BWR BB-	Rating Not reviewed	BWR BB-	NA
Non Fund Based	Short Term	0.88	BWR A4		BWR A4	

### Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Media
<i>Vipula Sharma</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<i>Deputy General Manager, Ratings</i>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	



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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.

### **DISCLAIMER**

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