

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' ratings for the Bank Loan Facilities aggregating ₹8.87 Cr of Amurtha Textiles (AT)

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** for Bank Loan facilities of Amurtha Textiles:

Facility	Limit (₹ Cr)	Tenure	Rating
<u>Fund Based</u> <b>Cash Credit</b> <b>Term Loan*</b>	<b>3.30</b> <b>3.85</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B minus)  <b>(Outlook: Stable)</b>
<u>Non Fund Based</u> <b>Letter of Guarantee</b>	<b>1.72</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A four)
<b>Total</b>	<b>8.87</b>	<b>INR Eight Crores and Eighty Seven Lakhs only</b>	

\*Term loan outstanding as on 19<sup>th</sup> June 2015

BWR has principally relied upon the audited financials up to FY14, provisional for FY15 and projections for FY16 and FY17, publicly available information and information/clarifications provided by the firm's management.

The rating factors, inter alia, the promoter's experience in textile business, locational advantage and established track record of operations. However, the rating is constrained by modest scale of operations, low net worth, highly fragmented and competitive nature of industry with exposure to volatility in raw material prices.

#### Background:

Amurtha Textiles (AT) is a proprietorship firm setup in 1992 by Mr. S. Sathasivam. The firm is into the spinning of cotton bales into yarn of 40's count. The weaving into grey cloth has been outsourced by the firm. The firm sells grey cloth. The firm's spinning mill is in Coimbatore, Tamil Nadu. It has an installed capacity of 18960 spindles. The firm has tied up with various weavers aggregating to 882 looms owned by small unorganized players for the manufacturing of grey cloth.

#### Management Profile:

The firm is fully owned by Mr. S. Sathasivam and he is in this line of activity for more than 21 years. The promoter is well supported by his son Mr. S. Vijay Anand who looks after the spinning mill activity besides the labour and internal administration, while the promoter takes care of weaving, marketing, finance & accounts.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

**Financial Performance:**

Net sales from operations increased to ₹31.49 Cr in FY14 from ₹28.91 Cr in FY13. The firm has reported operating profit of ₹2.22 Cr in FY14 against ₹2.53 Cr in FY13 and the net profit of ₹0.73 Cr in FY14 as against ₹0.76 Cr in FY13. Proprietor's capital of the firm stood at ₹5.60 Cr as on March 31, 2014. The firm has moderate debt protection metrics and a debt equity ratio of 1.24X as on FY14. On the provisional basis, the firm has achieved revenue of ₹37.50 Cr for FY15.

**Rating Outlook:**

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to improve its net worth along with scale of operations and improve the profitability margins in the volatile market would be the key rating sensitivities.

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