



Rating Rationale

Annamalaiar Mills Pvt Ltd

9 June 2017

Brickwork Ratings downgrades the Long Term Rating to “BWR B+” (Outlook: Stable) and reaffirms the short term rating at BWR A4 for M/s. Annamalaiar Mills Pvt Ltd. for its Bank Loan Facilities aggregating Rs.9.21 crs

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous May 2014	Present
<u>Fund Based</u>					
Cash Credit	4.00	5.00	Long Term	BWR BB- (Pronounced BWR Double B) Outlook:Stable	Revised to BWR B+ (Pronounced BWR B plus) Outlook:Stable (Downgrade)
Term Loan I	-	0.46			
Term Loan II	-	0.75			
<u>Non -Fund Based FLC</u>	3.00	3.00	Short Term	BWR A4 (Pronounced BWR A four)	BWR A4 (Pronounced BWR A four) (Reaffirmation)
Total	7.00	Rs.9.21 Crores (Rupees Nine Crores and Twenty One Lakhs only)			

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

Rating: Long term rating downgraded and short term rating reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:



BWR has principally relied upon the audited financial results up to FY16, projected financials of FY17 & FY18 and information /clarifications provided by the company.

The rating factors, inter alia, the experience of the promoters and track record of the company in the cotton spinning industry, established clientele and captive generation from the wind mill unit. However, the rating is constrained by modest scale of operations, high gearing and low net worth, high payables, stretched liquidity position, and volatility in raw material prices. Going forward, AMPL's ability to sustain the growth in revenues and improve its profitability and payables position and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that Annamaliyar Mills Pvt.Ltd.'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 company

Annamalaiar Mills Pvt Ltd (AMPL), based in Dindigul (Tamil Nadu), was incorporated in 1955 by Mr.Saketh Ramasamy Naidu. The company is engaged in manufacturing of cotton yarn. It currently manufactures combed cotton yarn in counts ranging from 10's to 92's, but focuses primarily on the 61's count. It has a capacity of 26,288 spindles and 160 rotors. It also has a 750 kW wind mill unit at Udumalpet in Tamil Nadu. The company is managed by Mr. G Ravindran and Mr. S Jayabalan. The company has sales outlets at Karur, Ichalkaranji, Mumbai, Kanpur and Kolkata.

Company Financial Performance

AMPL has reported a Net Loss (NL) of Rs.1.42crs. on operating income of Rs.44.43 crs. for FY16 as against Net Loss (NL) of Rs.1.81crs. on sales revenue of Rs.42.58crs. for FY15. The firm's net worth as on 31.3.16 was Rs.2.19 Cr.

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

Sl. No.	Instrument/ Facility	Type (Long Term/Short Term)	Current Rating (Year 2017)		Rating History			
			Amount (Rs Crs)	Rating	Mar 2017	2016	2015	May 2014
1	Cash credit	Long Term	5.00	BWR B+ (Outlook: Stable)	Not Review	NIL	NIL	BWR BB- (Outlook: Stable)
2	Term Loan I	Long Term	0.46					
3	Term Loan II	Short Term	0.75					
4	FLC	Short Term	3.00	BWR A4				BWR A4

Status of non-cooperation with previous CRA (if applicable) –Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Vipula Sharma> Deputy General Manager– Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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.