

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 12.53 Crores of Annur Annamalaiar Spinning Mills (P) Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	10.34	Long Term	BWR B (Pronounced as BWR Single B) (Outlook: Stable)
Non Fund Based	2.19	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	12.53	INR Twelve Crores and Fifty Three 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 essentially relied upon the company's audited financial statements upto FY17 and publicly available information and the information/clarifications provided by the company.

The ratings draws strength from experience of management in textile industry, moderate debt protection metrics and long standing relationship with customers. However, the rating is constrained by high gearing ratio, elongation in working capital cycle and thin profit margins.

Going forward, the ability of the company to increase its operating margins, profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of management:** The directors of the company are Mr.A.P Rangasamy, Mrs.Bhagyavathi Rangasamy, Ms. Kavitha Rangasamy, Ms. Vidhya Prabha Rangasamy and Ms.Mohanapriya Rangasamy and have more than a decade of experience in textile industry. It is a family run business



- **Moderate debt protection metrics:** ISCR and DSCR is moderate at 1.78 times and 1.47 times respectively in FY17
- **Long standing relationship with customers:** Since the company has been in existence from 2002, it has established long standing relationship with customers

Credit Risks:

- **High Gearing ratio:** Gearing ratio is moderately high at 1.85 times in FY16 and 1.48 times in FY17
- **Elongation in working capital cycle:** Days inventory is at high levels at 127 days in FY16 and 83 days in FY17
- **Thin Profit Margins:** Profit margin of the company is thin at 1.14% in FY16 and 0.8% in FY17

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Annur Annamalaiar Spinning Mills (P) Ltd.** 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

Annur Annamalaiar Spinning Mills Pvt Ltd is a company situated at Coimbatore, Tamil Nadu and established in 2002. The company has two manufacturing units in Annur, Coimbatore. The directors of the company are Mr.A.P Rangasamy, Mrs.Bhagyavathi Rangasamy, Ms. Kavitha Rangasamy, Ms. Vidhya Prabha Rangasamy and Ms.Mohanapriya Rangasamy and have more than a decade of experience in textile industry.

The company produces yarn through spinning of raw cotton. 40s count and 60scount are two types of yarn produced by the company. Operating capacity of 40s count yarn is 5200 kg per day and 4400 kg per day for 60s count. There are around 100 employees in the company

Company Financial Performance

The company reported a net revenue from operations of Rs.47.86Cr in FY17 and Rs.36.01Cr in FY16. Net profit margin reported at 0.8% in FY17. Tangible net worth stood at Rs.7.32Cr as at the end of March 31, 2017

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Cash Credit	Long Term	10.00	BWR B (Outlook: Stable)	NIL	NIL	NIL
	Term Loan	Long Term	0.34		NIL	NIL	NIL
	LG	Short Term	0.69	BWR A4	NIL	NIL	NIL
	LC	Short Term	1.50		NIL	NIL	NIL
	Total		12.53	₹ Twelve Crores and Fifty Three Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2017	2016	2015
Result Type		Audited	Audited	Audited
Operating Revenue	₹ Cr	47.86	36.01	33.04
EBITDA	₹ Cr	2.69	2.85	2.76
PAT	₹ Cr	0.38	0.41	0.33
Tangible Net worth	₹ Cr	7.32	6.94	7.23
Total Debt/Tangible Net worth	Times	1.48	1.85	1.66
Current Ratio	Times	1.74	0.87	0.88

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- [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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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