

## Rating Rationale

**Brickwork Ratings assigns ‘BWR B+’ & ‘BWR A4’ for the Bank Loan facilities aggregating to ₹ 5 Cr of Annur Sri Sivasakthi Cotton Mills Pvt. Ltd.**

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of ₹ 5.00 Cr of Annur Sri Sivasakthi Cotton Mills Pvt. Ltd (ASSCMPL)

| Facilities                | Amount (₹ Cr) | Tenure                       | Rating  |
|---------------------------|---------------|------------------------------|---|
| Fund Based Cash Credit    | 2.00          | Long Term                    | <b>BWR B+</b><br>(Pronounced as BWR B Plus)<br><br><b>Outlook: Stable</b> |
| Fund Based Packing Credit | 2.50          | Short Term                   | <b>BWR A4</b><br>(Pronounced as A Four)                                   |
| Non-Fund Based LER        | 0.50          |                              |   |
| <b>Total</b>              | <b>5.00</b>   | <b>(INR Five Crore Only)</b> |   |

BWR has essentially relied upon the audited financial results of the firm up to FY14, projections for FY15 & FY16, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the extensive experience of the Managing Director and Directors in the Cotton sector for more than 20 Years, track record of the company, increasing net worth in FY 14, long client relationships, strength derived from group companies which are in same line of business and adequate ROCE. However, the ratings are constrained by decrease in revenues in FY 15, high gearing ratio due to low tangible networth, low scale of operation considering its long existence and intense competition in the sector.

### Background:

Annur Sri Sivasakthi Cotton Mills Pvt Ltd was established in 2004 as a private Limited Company by Mr. C. Ramasamy who is the Managing Director of the company. Mrs. R. Jayamani and Mr. R. Nandha Kumar are the other directors of the company.

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

The company is engaged in manufacture of 100 % cotton yarn from raw cotton, The company is situated in Coimbatore.

Mr. C. Ramasamy, who is the Managing Director of the company has the vast experience of more than 20 years in business, Mrs. R. Jayamani (wife of Mr. C. Ramasamy) and Mr. R. Nandha Kumar (Son of Mr. C. Ramasamy) are the other directors of the company.

**Financial Performance:**

Annur Sri Sivasakthi Cotton Mills Pvt Ltd reported total sales revenue of ₹ 33.52 crs. and PAT of ₹ 0.34 crs. in FY14 as against total sales revenue of ₹ 14.12 Cr and PAT of ₹ 0.15 Cr in FY13. Tangible net worth stood at ₹ 2.59 Cr and debt equity ratio was 3.26 times as on March 31, 2014.

**Rating Outlook:**

The operations are expected to be stable over the current year. Going forward, the ability of the firm to improve its revenue and profitability and manage its working capital and capital structure efficiently would be the key rating sensitivities.

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