

Rating Rationale

Aruna Textile Processing Mills

27 March 2018

Brickwork Ratings assigns rating for the bank loan facilities of Rs.18.00 Crs of Aruna Textile Processing Mills

Particulars

Facility	Amount	Tenure	Rating
<u>Fund Based</u>	4.70	Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
Cash Credit	7.05		
Term loans	5.02		
Proposed Limit			
<u>Non - Fund Based</u>	1.23	Short Term	BWR A4 (Pronounced as BWR A Four)
Bank Guarantee			
Total	18.00		(INR Eighteen crores only)

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17 and projected figures up-to FY20 of **Aruna Textile Processing Mills**, publicly available information and information/clarification provided by the firm.

The ratings draw strength from the extensive industry experience of the director's, established track record of operations, diversified product portfolio and growth in income. The ratings are, however, constrained by moderate scale of operations, intense competition in textile market, moderate net worth, limited pricing flexibility on account of competition from existing players.

Going forward, the ability of the firm to increase its scale of operations, sustain profitability margins by efficiently managing the working capital would be the key rating sensitives.

Rating Outlook: Stable

BWR believes the **Aruna Textile Processing Mills** 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

Aruna Textile Processing Mills, a partnership firm. Established in the year 1996 at Gangapuram, Erode. They are engaged in Textile processing, Yarn Dyeing, Textile printing, Bleaching and Rotary printing

Key Financial Indicators

Particulars	FY15 (Actuals)	FY16 (Actuals)	FY17 (Actuals)
Total Income (In Crs)	23.20	33.67	49.16
EBITDA (In Crs)	1.02	1.62	2.35
PAT (In Crs)	0.21	0.47	0.82
Net worth (In Crs)	2.64	3.11	3.93
Total Debt / TNW (Times)	2.05	2.76	3.03
Current Ratio (Times)	1.26	1.18	1.14

Rating History for the last three years: (including withdrawn/suspended ratings)

S.N o.	Instrument/Facility	Rating History					
		Type (Long Term/Short Term)	Rated Amount (Rs Crs)	Rating 2018 - Present	2017	2016	2015
1.	Fund Based	Long Term	16.77	BWR B	NA		
2.	Non Fund Based	Short Term	1.23	BWR A4			
Total Amount to be Rated			18.00 (Eighteen crores only)				

Hyperlink/Reference to applicable Criteria

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

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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, 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.