

Rating Rationale

Brickwork Ratings Reaffirms 'BWR BB' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 55.74 Cr of Ashnoor Textile Mills Ltd

Brickwork Ratings *reaffirms* the following **Ratings¹** for the bank loan facilities of Ashnoor Textile Mills Ltd ('ATML' or the 'Company').

Facilities		Previous Amount	Rating Amount	Rating History	Proposed Rating
Fund Based					
Term Loan I	Long Term	3.60	1.60	BWR BB (Pronounced Double B) Outlook: stable	Reaffirmed BWR BB (Pronounced Double B) Outlook: Stable
Term Loan II			12.10		
Term Loan III			1.24		
Non Fund Based					
PCFC	Short Term	10.00	16.80	BWR A4+ (Pronounced A Four Plus)	Reaffirmed BWR A4+ (Pronounced A Four Plus)
Exp. Gold Card		4.40	-		
FBP/PSDL		12.00	24.00		
Total		30.00	55.74	(INR Fifty Five Crores and Seventy Four Lakhs)	

Company has also got sanction of Rs.1.60 Cr in Derivatives, which falls out of rating exercise. PCFC and FBP Limits also include Exp. Gold Card's Limit.

BWR has essentially relied upon audited financial results of FY12, FY13, FY14 and FY15, projections up to FY16, publicly available information and information provided by the company management.

The ratings have, inter alia, factored in the extensive experience of the Promoters' and established position in terry towel industry. The ratings also derives strength from financial parameters like substantial increase in revenue, low gearing, comfortable debt protection metrics and comfortable working capital cycle. The ratings are, however, constrained by a high customer concentration risk, stressed liquidity position, thin profitability margins and risks associated with foreign exchange fluctuations.

Background:

Ashnoor Textile Mills Ltd (ATML) was incorporated in January 1984 as Gupta Carpet Udyog Ltd, engaged in manufacturing and trading of carpets in the domestic and export markets. In 1994, the company set up a 100% EOU at Gurgaon for manufacture of terry towels with an installed capacity of ~1,300 MT per annum, subsequently increased to the present capacity of 2,600 MT per annum. ATML, promoted & headed Mr. Sunil Gupta as CMD, has an established a leading position in terry towel industry during the past 2 decades.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

Based on audited financial for FY15, ATML's Total Operating Income increased by ~51% from ₹67.13 Crs in FY14 to ₹101.14 Crs in FY15. Operating Profit Margin, however, declined from 10.73% in FY14 to 4.91% in FY15. The Company's Tangible Net Worth stood at ₹18.06 Crs in FY15. Working Capital Cycle improved from 89 days in FY14 to 73 days in FY15. Gearing was 2.11 x with a Current Ratio of 1.01x in FY15.

Rating Outlook:

Rating Outlook takes into account the company's low profit margins, stressed liquidity position and customer concentration risks. Going forward, increase in scale of operations, improvement in profitability margins and improvement in revenue profile would remain the key rating sensitivities.

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