



Rating Rationale

CMC Textiles Pvt. Ltd.

23rd March 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 38.42 Crs. of CMC Textiles Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Cr)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based (FB)					
Cash Credit	17.00	21.00	Long Term	BWR BB (Pronounced BWR Double B) (Outlook - Stable)	BWR BB (Pronounced BWR Double B) (Outlook -Stable) (Reaffirmed)
Term Loan - I	7.62	3.37			
Term Loan - II	3.25	1.78			
Term Loan - III	4.20	3.64			
Term Loan - IV	–	7.39			
Buyers Credit (sublimit of Term Loan-I)	(10.87)	–			
Buyers Credit (sublimit of Term Loan-IV)	–	(6.87)			
Non- Fund Based (NFB)					
BD under LC/PC (sublimit of cash credit)	(1.00)	(1.00)	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) (Reaffirmed)
Sublimit: Import LC	(3.36)	–			
Bank Guarantee	1.24	1.24			
Total Limits	33.31	38.42	(INR Thirty Eight Crores and Forty Two Lakhs Only)		

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

Rating Reaffirmed:



Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY16 and projected financials of FY17, publicly available information and information/clarification provided by the management. The ratings, derives strength from promoter's experience in the yarn manufacturing business, established track record, strong association with established customer base.

However, the rating is constrained by volatility in operating income and profitability due to the competitive industry scenario coupled with inherent risks associated with the textile industry including fluctuation in cotton prices.

Going forward, the ability to increase its scale of operations, improvement in top line and profitability margins, and ability to achieve the projections will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **CMC Textiles Pvt. 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

CMC Textiles Pvt Ltd was incorporated in Oct. 2002, promoted by Mr. Ajeet Yadav, Mr. Pawan Yadav and Mr. Dharendra Yadav. The company is engaged in manufacturing of polyester texturized yarn and further from sale of knitted fabrics. CMC has three plants located in Silvassa, Daman and Dadra & Nagar Haveli. The company is known for manufacturing specialty yarn.

Company Financial Performance

In FY16, Net sales has declined to Rs. 127.96 crs from Rs. 133.03 crs in FY15. Net profit increased from Rs. 0.50 crs in FY15 to Rs. 0.54 crs in FY16. Tangible net worth reported at Rs.16.45 crs.



Rating History for the last three years

SI No	Facility	Current Rating (Year 2017)			Rating*		
		Type	Amount (Rs. Crs)	Rating	2016	2015	2014
Fund Based (FB)							
1	Cash Credit	Long Term	21.00	BWR BB (Pronounced BWR Double B) (Outlook - Stable) (Reaffirmed)	-	BWR BB (Pronounced BWR Double B) (Outlook - Stable)	-
2	Term Loan - I		3.37				
3	Term Loan - II		1.78				
4	Term Loan - III		3.64				
	Term Loan - IV		7.39				
	Buyers Credit (sublimit of Term Loan-I)		-				
	Buyers Credit (sublimit of Term Loan-IV)		(6.87)				
Non- Fund Based (NFB)							
5	BD under LC/PC (sublimit of cash credit)	Short Term	(1.00)	BWR A4 (Pronounced BWR A Four) (Reaffirmed)	-	BWR A4 (Pronounced BWR A Four)	-
6	Sublimit: Import LC		-				
7	Bank Guarantee		1.24				
	Total Limits		38.42	INR Thirty Eight Crores and Forty Two Lakhs Only			

Hyperlink/Reference to applicable Criteria

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

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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.