

## Rating Rationale

### Brickwork Ratings reaffirms ratings at “BWR BB+/A4+” for Bank Loan facilities aggregating to ₹ 28.60 Cr of Magnum Spinning Millss (I) Pvt Ltd

Brickwork Ratings (BWR) has reaffirmed the following **Ratings<sup>1</sup>** for Bank Loan facilities to Magnum Spinning Millss (I) Pvt Ltd :

Facility	Earlier Limits (₹ Cr)	Existing Limits (₹ Cr)	Tenure	Present Rating	Rating History
Fund Based: <b>Cash Credit Term Loan*</b>	9.00 16.73	<b>9.00 14.55</b>	<b>Long Term</b>	<b>Re Affirmed at BWR BB+ (Pronounced as Double BWR B Plus) Outlook: Stable</b>	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable (February 2015)
Fund Based: <b>EPC</b> (Sublimit of CC)	(1.00)	<b>(1.00)</b>			
<b>FBDN</b> (Sublimit of CC)	(1.00)	<b>(1.00)</b>			
<b>Stand By LC</b>	1.00	<b>1.40</b>			
Non Fund Based: <b>BG LC</b>	0.15 3.50	<b>0.15 3.50</b>	<b>Short- Term</b>	<b>Re affirmed at BWR A4+ (Pronounced as BWR A Four Plus)</b>	BWR A4+ (Pronounced as BWR A Four Plus) (February 2015)
<b>Total</b>	30.38	<b>28.60</b>	<b>INR Twenty Eight Crores &amp; Sixty lakhs Only</b>		

*\*Term loans Outstanding as on 1/3/2016.*

*(@) – 50% interchangeability between CC and LC and CC includes Rs.3 crs of proposed Cc facility*

BWR has principally relied upon the audited financials upto FY15 and projected financials upto FY17 of Magnum Spinning Millss (I) Pvt Ltd, publicly available information and information/clarifications provided by the company's management.

The ratings draw strength from the experience of the partners, well established manufacturing facility, established relationships with its customers and improved financial risk profile marked by improved profit margins and low gearing. However, the ratings are constrained by volatility in raw material prices, limited track record of the company and the company being in a highly fragmented and competitive spinning sector.

#### Background:

Magnum Spinning Millss India Private Limited was incorporated in the year 2010. The manufacturing unit and office is located at Sankari in Salem District. The company manufactures 4 blends of yarn by mixing cotton and Polyester in various propositions ie( 50%

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

cotton with 50 % polyester, 60% cotton with 40 % Polyester, 55% Polyester with 45% cotton and 60% polyester with 40 % Cotton)with counts ranging from 20s to 50s.

**Financial Performance:**

As per the audited financial statements, the company has achieved sales of Rs. 53.70 crs in FY15 as against Rs.44.96 crores in FY14, showing a increase of 19.43 %. PAT has improved from a loss of Rs.1.89 crores in FY14 to a profit of Rs.5.73 crores in FY15.

As on FY15, the networth stands at Rs.15.10 crs against total debt of Rs.23.58 crs resulting in a debt equity of 1.56 times as on FY15.

**Rating Outlook:**

The outlook for the firm is expected to be stable for the next one year. Going forward, the ability of the firm to improve revenue and profitability levels, retaining their existing customer and supplier base will be the key rating sensitivities.

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