

## Rating Report

### Brickwork Ratings assigns 'BWR B+/A4' rating for the Bank Loan Facilities amounting to Rs.11.27 crs of A -Tex Home collection

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> for the long term and short term bank loan facilities amounting to Rs. 11.27 Crs (Rupees Eleven crs and Twenty Seven Lakhs Only) of A-Tex Home Collection:

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based : Cash Credit	0.75	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook – Stable)
Fund Based : Term Loan	0.52		
Fund Based : PCL A/C FBN/FBP	3.00 4.00	Short Term	BWR A4 (Pronounced BWR A Four)
Fund Based: Seasonal FBN/FBP	3.00		
<b>Total</b>	<b>11.27</b>	<b>(INR Eleven Crores and Twenty Seven Lakhs Only)</b>	

BWR has essentially relied upon the audited financial results up to FY15, and projected financials up to FY17, publicly available information and information/clarification provided by the firm's management.

The rating has factored, inter alia, partners' vast experience in textile sector, the well-established clientele, long track record of operations and consistent growth in performance. The rating is constrained by constitution of the firm, high gearing low partner capital, susceptibility of profit margin to volatile raw material prices and firm being exposed to exchange rate fluctuation risk due to exports.

#### Background

A-Tex Home collections(ATHM) was incorporated in 1968 by Mr Chandra Gounder at Karur, TamilNadu .The business is being looked after by his grandson Mr K.G. Prithvi & his wife Mrs P.Devi Akilandeswari as partnership firm

The firm is engaged in manufacture of Table covers, garment covers, cushion covers, chocolate pouches, Bags and covers for leather accessories & cosmetics. The firm primarily sold its products domestically till 2002. Now the firm is a 100% export oriented business and the products are sold to leading brands in Europe.

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

The firm has its manufacturing units at 4 locations, out of which 3 locations are centrally located in Karur and one unit is located in outskirts at Pavithram Village.

The firm has an average utilization of 75-80 % of its total installed capacity over the last three years

### Management Profile

Mr. K.G.Prithvi and P.Devi Akilandeswari are the managing partners of the firm, who look after the day to day business.

### Financial Performance:

As per the audited financial statements of FY15, the firm has achieved sales of Rs.22.65 crs against Rs.9.93 crores in FY 14, witnessing a growth of 128%. PAT has increased to Rs.0.99 crores in FY15 from Rs.0.29 Crores in FY14. As on FY15, the firm's capital stands at Rs. 3.82 crs against total debt of Rs. 16.17 Crs resulting in a debt equity of 4.32 times as on FY15.

### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to increase its scale of operations, improve profitability margins while managing the volatility in the raw material prices and exchange rate fluctuation ,reduce the leverage and manage the working capital efficiently would be the key rating sensitivities.

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**A-Tex Home Collection  
Annexure II**

**Profit and Loss A/c**

<b>Crores</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>	<b>31/Mar/2015</b>
<b>Result Type</b>	Audited	Audited	Audited
Gross Sales	7.51	9.93	22.65
<b>Net Sales</b>	<b>7.51</b>	<b>9.93</b>	<b>22.65</b>
Other Operating Income	0.12	0.05	0.29
<b>Total Operating Income</b>	<b>7.63</b>	<b>9.98</b>	<b>22.94</b>
<b>Operating Expenses</b>	<b>6.67</b>	<b>9.35</b>	<b>20.99</b>
<b>OPBDIT</b>	<b>0.96</b>	<b>0.63</b>	<b>1.96</b>
Depreciation/Amortization/Impairment	0.08	0.10	0.29
<b>OPBIT</b>	<b>0.88</b>	<b>0.53</b>	<b>1.67</b>
Interest and Finance Charges	0.65	0.67	1.17
<b>OPBT</b>	<b>0.23</b>	<b>-0.14</b>	<b>0.50</b>
Non Operating Income(Expenses)	0.09	0.42	0.49
<b>PBT</b>	<b>0.31</b>	<b>0.29</b>	<b>0.99</b>
<b>PAT(Continuing Operations)</b>	<b>0.31</b>	<b>0.29</b>	<b>0.99</b>

**A-Tex Home Collection  
Annexure II**

**Balance Sheet**

<b>Crores</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>	<b>31/Mar/2015</b>
<b>Liabilities</b>	Audited	Audited	Audited
<b>EQUITY AND RESERVES</b>	<b>2.23</b>	<b>2.40</b>	<b>3.82</b>
Share capital	1.91	2.11	2.83
Reserves and Surplus	0.31	0.29	0.99
<b>Non-current liabilities</b>	<b>1.90</b>	<b>1.93</b>	<b>2.55</b>
Long-Term Borrowings	1.90	1.93	2.55
<b>Current liabilities</b>	<b>3.11</b>	<b>3.86</b>	<b>14.34</b>
Short-Term Borrowings	2.67	3.53	13.62
Trade Payables	0.42	0.32	0.72
<b>Total Liabilities</b>	<b>7.24</b>	<b>8.18</b>	<b>20.71</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>0.52</b>	<b>0.58</b>	<b>1.68</b>
Net Fixed assets	0.52	0.58	1.68
<b>Current assets</b>	<b>6.72</b>	<b>7.59</b>	<b>19.03</b>
Current Investments	0.00	0.00	0.05
Inventories	3.19	3.74	3.16
Trade Receivables < Six Months	2.03	2.12	12.07
Cash and Cash Equivalents	0.25	0.76	1.65
Short-Term Loans and Advances	0.86	0.38	0.42
Other Current Assets	0.38	0.60	1.68
<b>Total Assets</b>	<b>7.24</b>	<b>8.18</b>	<b>20.71</b>

**A-Tex Home Collection  
Annexure III**

**Ratio Analysis**

<b>Ratios</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>	<b>31/Mar/2015</b>
DEBT : Equity	2.05	2.28	4.32
TOL/TNW	1.43	1.62	3.94
ISCR	1.48	0.94	1.67
DSCR	1.00	1.12	1.70
Net Profit Margin	4.13	2.86	4.32
Operating Profit Margin	12.59	6.32	8.53
ROCE	12.91	7.24	11.98