

Rating Report

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan facilities aggregating to ₹ 5.00 Cr of Annur Sri Sivasakthi Cotton Mills Pvt Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of ₹ 5.00 Cr of Annur Sri Sivasakthi Cotton Mills Pvt Ltd (ASSCMPL)

Facilities	Amount (₹ Cr)	Tenure	Rating
Fund Based Cash Credit	2.00	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable
Fund Based Packing Credit	2.50	Short Term	BWR A4 (pronounced as A four)
Non-Fund Based LER	0.50		
Total	5.00	(INR Five Crore Only)	

BWR has essentially relied upon the audited financial results of the firm up to FY14, projections for FY15 & FY16, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the extensive experience of the Managing Director and Directors in the Cotton sector for more than 20 Years, track record of the company, increasing net worth in FY 14, long client relationships, strength derived from group companies which are in same line of business and adequate ROCE. However, the ratings are constrained by decrease in revenues in FY 15, high gearing ratio due to low tangible networth, low scale of operation considering its long existence and intense competition in the sector.

Background:

Annur Sri Sivasakthi Cotton Mills Pvt Ltd was established in 2004 as a private Limited Company by Mr. C. Ramasamy who is the Managing Director of the company. Mrs. R. Jayamani and Mr. R. Nandha Kumar are the other directors of the company.

The company is engaged in manufacture of 100 % cotton yarn from raw cotton, The company is situated in Coimbatore.

Mr. C. Ramasamy, who is the Managing Director of the company has the vast experience of more than 20 years in business, Mrs. R. Jayamani (wife of Mr. C. Ramasamy) and Mr. R. Nandha Kumar (Son of Mr. C. Ramasamy) are the other directors of the company.

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

Financial Performance:

Annur Sri Sivasakthi Cotton Mills Pvt Ltd reported total sales revenue of ₹ 33.52 crs. and PAT of ₹ 0.34 crs. in FY14 as against total sales revenue of ₹ 14.12 Cr and PAT of ₹ 0.15 Cr in FY13. Tangible net worth stood at ₹ 2.59 Cr and debt equity ratio was 3.26 times as on March 31, 2014.

Credit Risk Determinants:

The managing Director and the other directors have more than 20 years of business experience in the sector. Long client relationships accompanied by steady flow of orders are a strength for the company.

The firm's high gearing ratio with low tangible net worth restricts the company's financial flexibility. The company's profit margin is also very low. The competition in the sector is very high as the industry is fragmented with lot of players

Rating Outlook:

The operations are expected to be stable over the current year. Going forward, the ability of the firm to improve its revenue and profitability and manage its working capital and capital structure efficiently would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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Annexure I						
Annur Sri Sivasakthi Cotton Mills Pvt Ltd						
P & L Account						
Rs. in Crores	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Result Type	Audited	Audited	Audited	Provisional	Projected	Projected
Gross Sales	12.15	14.12	33.52	20.22	26.91	28.26
Net Sales	12.15	14.12	33.52	20.22	26.91	28.26
Other Operating Income	0.13	0.19	0.68	0.02	0.00	0.00
Total Operating Income	12.29	14.31	34.20	20.23	26.91	28.26
Operating Expenses	11.48	12.75	32.99	18.34	24.55	25.88
OPBDIT	0.81	1.56	1.21	1.90	2.36	2.38
Depreciation/Amortization/Impairment	0.25	0.25	0.23	0.41	0.49	0.44
OPBIT	0.56	1.31	0.98	1.49	1.87	1.93
Interest and Finance Charges	0.78	1.00	0.95	1.10	1.06	0.98
OPBT	-0.22	0.30	0.03	0.40	0.81	0.95
Non Operating Income(Expenses)	0.31	-0.15	0.34	0.02	0.02	0.02
PBT	0.09	0.15	0.37	0.41	0.83	0.97
Provision for Taxes	0.14	0.00	0.03	0.10	0.01	0.06
PAT	-0.05	0.15	0.34	0.31	0.82	0.92

Annexure II						
Annur Sri Sivasakthi Cotton Mills Pvt Ltd						
Balance Sheet						
Rs. in Crores	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
	Audited	Audited	Audited	Provisional	Projected	Projected
LIABILITIES						
Equity & Reserves	1.12	1.65	2.59	2.90	4.34	5.26
Share capital	0.75	1.25	1.85	1.85	2.50	2.50
Reserves and Surplus	0.25	0.40	0.74	1.05	1.84	2.76
Non-current liabilities	3.26	2.74	3.78	3.59	4.74	3.92
Long-Term Borrowings	3.14	2.64	3.72	3.46	4.68	3.87
Deferred tax Liabilities (Net)	0.12	0.10	0.06	0.12	0.06	0.06
Current liabilities	5.89	6.65	9.53	8.93	7.18	7.25
Short-Term Borrowings	3.67	4.15	4.72	4.75	5.00	5.00
Trade Payables	2.11	2.37	4.57	3.93	1.16	1.24
Other Current Liabilities	0.04	0.09	0.15	0.19	0.50	0.25
Short-Term Provisions	0.06	0.05	0.08	0.06	0.09	0.14
Total Liabilities	10.27	11.04	15.89	15.41	16.27	16.43
ASSETS						
Non-current assets	2.81	2.61	2.79	4.41	5.62	5.18
Net Fixed assets	2.81	2.61	2.79	4.41	5.02	4.58
Current assets	7.46	8.43	13.10	11.01	10.64	11.25
Inventories	5.60	6.74	7.21	3.25	5.59	5.95
Trade Receivables < Six Months	0.95	0.78	4.44	7.00	3.32	3.49
Cash and Cash Equivalents	0.52	0.24	0.29	0.18	0.07	0.06
Short-Term Loans and Advances	0.35	0.65	1.11	0.51	0.26	0.36
Other Current Assets	0.03	0.01	0.06	0.06	1.40	1.40
Total Assets	10.27	11.04	15.89	15.41	16.27	16.43

Annexure III							
Annur Sri Sivasakthi Cotton Mills Pvt Ltd							
Ratios							
Rs. in Crores		FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
		Audited	Audited	Audited	Provisional	Projected	Projected
Tangible Net Worth	₹	1.12	1.65	2.59	2.90	4.34	5.26
Total Debt/TNW	Times	6.06	4.12	3.26	2.83	2.33	1.80
Long Term Debt/TNW	Times	2.79	1.60	1.44	1.20	1.08	0.73
TOL/TNW	Times	6.50	4.73	3.99	3.28	2.24	1.74
ISCR	Times	1.04	1.56	1.28	1.73	2.22	2.41
DSCR	Times	1.26	0.97	1.15	1.11	1.52	1.65
Net Cash Accruals/Total Debt	Times	0.00	0.09	0.03	0.10	0.13	0.14
ROCE	%	6.98	15.76	9.94	13.36	14.86	13.75
Current Ratio	Times	1.27	1.27	1.37	1.23	1.48	1.55
Net Profit Margin	%	-0.39	1.07	0.99	1.53	3.04	3.24
Operating Profit Margin	%	6.60	10.90	3.53	9.38	8.78	8.41
Days Receivables	Days	29	22	28	103	70	44
Days Inventory	Days	189	183	79	107	69	85
Days Payable	Days	75	77	48	148	46	15
Conversion Cycle	Days	143	128	59	63	93	114