

Rating Report

Brickwork Ratings assigns 'BWR BB' for long term Bank Loan facilities & reaffirms 'BWR A4+' for short term Bank Loan facilities aggregating to ₹ 30.00 Cr of Ashnoor Textile Mills Ltd.

Brickwork Ratings has assigned/reaffirmed following **Ratings¹** for Bank Loan facilities of Ashnoor Textile Mills Ltd (*ATML or Company*).

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Rating	Rating History
<u>Fund Based</u>					
Term Loan	-	*3.60	Long Term	BWR BB (Pronounced BWR Double B) (Outlook Stable)	-
<u>Fund Based</u>					
P/C/PCFC	10.00	10.00	Short Term	BWR A4+ (Pronounced BWR A Four Plus)	BWR A4+ (Pronounced BWR A Four Plus)
FBP/PSDL	12.00	12.00			
Exp. Gold Card	4.40	4.40			
Total	26.40	**30.00	INR Thirty Crores only		

(*There is LC of Rs 3.60 Crs which is sublimit of Term Loan).

(**Company has also got sanction of Rs 1.60 Crs in derivatives, which falls out of rating exercise).

BWR has essentially relied upon the audited financial results of Ashnoor Textile Mills Ltd up to FY14, projections for FY15, FY16 and information/clarifications provided by the Company.

The rating continues to factors ATML's established position in the terry towel industry, integrated operations from dyeing to finishing which result in operational efficiencies, The rating is however constrained by customer concentration, low profit margin, high dependence on export exposes the company to foreign exchange fluctuations and global economic slowdown, impact on profit margin due to volatility in yarn process.

Background:

Ashnoor Textile Mills Ltd. (ATML) was incorporated in January 1984 as Gupta Carpet Udyog Limited and was earlier engaged in manufacturing & trading of carpets in the domestic and export markets. In FY 1994, the company set up a 100% EOU for manufacturing of terry towels in Gurgaon with an installed capacity of ~1,300 MT per annum which was subsequently increased to the present capacity of 2,600 MT per annum.

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

ATML, promoted & headed by Mr. Suneel Gupta as CMD, has an established position in terry towel industry. The promoter has over two decades of experience in the terry towel industry. The management team is led by well qualified and experience people working since long time in the industry.

Financial Performance:

During FY14, the net revenue from operations is ₹ 60.21 Crs against ₹ 82.48 in FY13. The company has reported profitability with operating profit margin of 10.73 per cent and net profit margin of 0.18 per cent for FY14. The Company has debt equity of 1.36 times in FY14. The tangible net-worth stood at ₹ 16.67 crores for FY14.

Rating Outlook:

The rating reflects the position of the Company in the manufacturing segment of the industry it caters to. Going forward, ability of the Company to achieve projected turnover, increase customer base and improve margins will be the key rating sensitivities.

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Annexure I		
Ashnoor Textile Mills Ltd		
Statement of Profit and Loss		In ₹
Crores		
	FY13 (Audited)	FY14 (Audited)
Gross Sales	82.48	60.21
Net Sales	82.48	60.21
Other Operating Income	9.73	6.92
Total Operating Income	92.21	67.13
Operating Expenses	87.15	59.93
OPBDIT	5.06	7.20
Dep./Amor. Impairment	1.56	1.68
OPBIT	3.50	5.53
Interest and Finance Charges	2.62	5.15
Operating Profit Before Tax	0.88	0.37
Non-Operating Income(Expenses)	(0.47)	(0.08)
Profit Before Tax	0.41	0.30
Extraordinary/Prior Period - Income(Expense)	(0.01)	(0.00)
Provision for Taxes	0.33	0.17
PAT	0.07	0.12

Annexure II		
Ashnoor Textile Mills Ltd		
Balance Sheet	In ₹	
Crores		
	FY13 (Audited)	FY14 (Audited)
EQUITY AND RESERVES	16.51	16.67
Share capital	10.69	10.74
Reserves and Surplus	5.82	5.94
Non-current liabilities	1.76	1.65
Long-Term Borrowings	0.21	0.21
Deferred tax Liabilities (Net)	1.10	0.97
Other Long Term liabilities	0.22	0.22
Long-Term Provisions	0.23	0.25
Current liabilities	37.12	32.45
Short-Term Borrowings	19.51	22.54
Current Portion Of Long Term Debt	0.00	0.00
Trade Payables	16.37	8.45
Other Current Liabilities	0.75	1.04
Short-Term Provisions	0.49	0.42
Total Liabilities	55.39	50.78
ASSETS		
Non-current assets	14.15	13.32
Net Fixed assets	12.34	11.49
Non-Current Investments	0.15	0.15
Long Term Loans and Advances	1.67	1.68
Current assets	41.24	37.46
Current Investments	0.00	0.00
Inventories	16.65	17.93
Trade Receivables < Six Months	16.28	13.73
Cash and Cash Equivalentents	2.48	2.15
Short-Term Loans and Advances	5.82	3.64
Other Current Assets	0.00	0.00
Total Assets	55.39	50.78

Annexure III			
Ashnoor Textile Mills Ltd			
Key Ratios		FY13 (Audited)	FY14 (Audited)
Total Debt/ Tangible Net worth	Times	1.19	1.36
Tangible Net Worth (₹ Crore)	₹ Crores	16.51	16.67
Net Margin (%)	Per cent	0.08%	0.18%
Current Ratio (Times)	Times	1.11	1.15
Operating profit	Per cent	5.49%	10.73%