

Rating Advisory

August 20, 2018 | Mumbai

Aananda Lakshmi Spinning Mills Limited

Advisory as on August 20, 2018

This rating advisory is provided in relation to the rating of Aananda Lakshmi Spinning Mills Limited

The key rating sensitivity factors for the rating include:

- Timely servicing of debt

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Aananda Lakshmi Spinning Mills Limited (ALSML) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If ALSML continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

ALSML's, incorporated in 2013, is engaged in cotton yarn spinning. Manufacturing unit is located at Bhongir. The company is promoted by Mr. D.K Agarwal.

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Rating Rationale

August 24, 2017 | Mumbai

Aananda Lakshmi Spinning Mills Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.38 Crore
Long Term Rating	CRISIL D (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL D' rating to the bank facilities of Aananda Lakshmi Spinning Mills Limited (ALSML)

The rating reflects current delays by ALSML in servicing its debt. The delays have been caused due to ALSML's weak liquidity.

The ratings reflects weak financial risk profile marked by modest net worth, high gearing and weak debt protection metrics. The rating also reflects susceptibility of operating margin to volatility in raw material prices. However, it benefits from extensive experience of ALSML's promoters in the textile industry.

Key Rating Drivers & Detailed Description

Weakness

* Delay in debt servicing

SIL has been delaying in repayment of interest and principal amount of its term loan facility. The same is on account of company's weak liquidity.

* Weak financial risk profile

The company's financial risk profile is weak marked by modest net worth, high gearing and weak debt protection metrics. Net worth, as on March 31 2017, on account of accumulated losses. Debt protection metrics is weak on account of operating losses in Fiscal 2017.

CRISIL believes that financial risk profile will remain weak over the medium term.

* Susceptibility of operating margin to volatility in raw material prices

Raw material costs accounted for around 68 per cent of ALSML's revenue in 2016-17 Cotton prices have been highly volatile in past which exposes the company to the risk arising due to any change in cotton prices.

Strengths

* Extensive industry experience of promoters

Extensive experience of promoters of more than 35 years has helped the company in building strong customer and supplier relationships. Established relationship with customers and suppliers help the company in uninterrupted raw material procurement and repeated orders from customer.

CRISIL believe that extensive industry experience of promoter will continue to benefit the company over the medium term.

About the Company

ALSML's, incorporated in 2013, is engaged in cotton yarn spinning. Manufacturing unit is located at Bhongir. The company is promoted by Mr. D.K Agarwal.

ALSML reported net losses of Rs.16.22 crore on revenue of Rs.37.95 crore in fiscal 2017, against Rs.8.9 crore and Rs.82.6 crore in fiscal 2016.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	37.95	82.6
Profit After Tax	Rs. Cr.	-16.22	-8.9
Profit Margin	%	-42	-10.5
Adjusted Debt/Adjusted Net worth	Times	-1.89	-21.9
Interest coverage	Times	-1.78	-0.26

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate	Maturity date	Issue size (Rs. cr.)	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	14.29	CRISIL D
NA	Long Term Loan	Mar-2015	NA	Mar-2023	18.87	CRISIL D
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	4.84	CRISIL D

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	38	CRISIL D		No Rating Change	26-05-16	CRISIL D		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	14.29	CRISIL D	Cash Credit	21.1	CRISIL D
Long Term Loan	18.87	CRISIL D	Long Term Loan	15.99	CRISIL D
Proposed Long Term Bank Loan Facility	4.84	CRISIL D	Proposed Long Term Bank Loan Facility	.91	CRISIL D
Total	38	--	Total	38	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Approach to Recognising Default](#)

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