



## Adwaith Textiles Limited

| Instruments                    | Amount<br>(Rs. Crore <sup>*</sup> ) | Rating Action         |
|--------------------------------|-------------------------------------|-----------------------|
| Long-term: Term loans          | 14.35 (revised from 16.77)          | [ICRA]B+ / reaffirmed |
| Long-term: Proposed facilities | 2.42 (revised from nil)             | [ICRA]B+ / reaffirmed |

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) outstanding on the Rs. 14.35 crore (revised from Rs. 16.77) term loans and Rs. 2.42 crore (revised from nil) proposed facilities of Adwaith Textiles Limited ("ATL" / "the Company")<sup>†</sup>.

The rating reaffirmation considers the largely stable revenue during 2013-14, although operating margins witnessed moderation on account of increase in employee expenses, and moderation in capital structure, although the gearing remains high at 4.0x as on March 31, 2014 (as against 5.7x previously). The rating also considers the Company's small scale of operations and high customer concentration which continue to constrain its business risk profile. However, the rating draws comfort from the experience of the promoters in the textile industry and the financial flexibility arising from the support extended by Lakshmi Ring Travellers (Coimbatore) Limited (LRTCL), which is part of the renowned Lakshmi Machine Works ("LMW") group.

### Company Profile

ATL is primarily engaged in producing cotton yarn for LRTCL, which is a part of the Coimbatore based LMW group. ATL is also engaged in yarn trading although the business is being gradually wound down. Incorporated in 1956, the Company's manufacturing facility is located in Coimbatore (Tamil Nadu) with an installed capacity of 30,480 spindles. ATL also operates a wind mill near Tirupur, Tamil Nadu with a capacity of 1.25 MW. The promoters and their relatives, together, hold the entire share capital of the Company.

### Recent Results

The Company reported a net profit of Rs. 1.2 crore on an operating income of Rs. 22.4 crore during 2013-14 as against a net profit of Rs. 2.3 crore on an operating income of Rs. 22.5 crore during 2012-13.

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<sup>\*</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, refer ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications



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