

Press Release

Sri Anbu Silks

September 11, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 7.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs. 7.50 crore bank facilities of Sri Anbu Silks. The outlook is '**Stable**'.

Sri Anbu Silks (SAS), a partnership firm established in 2014 is engaged in the retail of silk sarees and dress material. The firm, led by Mr. N R Thirumurthi and Mrs. S Kalpanadevi, (Partners), has a showroom at Pollachi, Tamil Nadu.

Key Rating Drivers

Strengths

- **Experienced management**

SAS was established in 2014 at Pollachi by Mr. NR Thirumurthi and Mrs. S Kalpanadevi. The partners have more than 15 years of experience in textiles.

- **Improved profitability**

The margins of the firms increased to 12.28 percent in FY2015-16 from 4.74 percent in FY2014-15 on account of decline in cost of material. The PAT margins also increased to 1.64 percent in FY2015-16 from 1.05 percent in FY2014-15.

Weaknesses

- **Small scale of operations**

The firm has small scale of operations of Rs. 12.22 crore in FY2015-16 compared to Rs. 12.19 crore in FY2014-15. Further, in FY2016-17 the firm booked revenue of Rs. 14 crore.

- **Partnership constitution of the firm**

Being a partnership firm, SAS is exposed to risk of capital withdrawal by partners.

- **Below average financial risk profile**

The firm has below average financial risk profile marked by low net worth of Rs. 1.74 crore as on 31 March, 2016 compared to Rs. 1.51 as on 31 March, 2015. The gearing stood at 4.20 times as on 31 March, 2016 compared to 5.19 times as on 31 March, 2015. The ICR stood at 1.77 times in FY2015-16.

Analytical Approach

SMERA has considered the standalone business and financial risk profile.

Outlook: Stable

SMERA believes that SAS would continue to maintain a stable outlook and benefit from its experienced management. The outlook may be revised to 'Positive' in case of higher than expected revenue and profit margins. Conversely, the outlook may be revised to 'Negative' in case of further stretch in profit

margins and delay in rent receivables.

About the Rated Entity - Key Financials

For FY2015-16, SAS reported profit after tax (PAT) of Rs.0.20 crore on operating income of Rs.12.22 crore compared to PAT of Rs. 0.13 crore on operating income of Rs.12.19 crore in the previous year. The net worth stood at Rs.1.74 crore as on 31 March, 2016 compared to Rs.1.51 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Mar-2016	Term Loan I	Long Term	INR 0.8	SMERA B / Stable
	Term Loan II	Long Term	INR 1.2	SMERA B / Stable
	Cash Credit	Long Term	INR 4	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.20	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.80	SMERA B / Stable

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