



RATING RATIONALE

4 Aug 2020

ACCUFOX ENTERPRISES PRIVATE LIMITED

Brickwork Ratings reaffirmed Long Term ratings for the bank loan Facilities of ₹ 7.35 Crores of Accufox Enterprises Private Limited.

Particulars :

Facility/ Instrument**	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating (July, 2019)	Present Rating
<u>Fund based</u>				BWR B+	BWR B+
E.D.F.S	10.00	2.50	Long Term	Stable	Stable
Term Loan	0.40	0.35			
Cash Credit Limit	4.50			
Total	10.40	7.35	INR Seven Crores Thirty Five Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities/is provided in Annexure-I

RATING ACTION/OUTLOOK

BWR has reaffirmed the Long Term rating of BWR B+ Stable for bank facilities of Accufox Enterprises Private Limited.

The ratings take into account the extensive experience of the promoter in the jewellery business for more than 30 years and reputed brand franchise. However the rating is constrained by average financial risk profile and intense competition and fragmented industry structure.

BWR believes that the business risk profile of Accufox Enterprises Private Limited will be maintained over the medium term. The rating outlook may be revised to Positive if there is a significant improvement in company revenues and profitability margins. The rating outlook may be revised to 'Negative' if there is any further deterioration in the financial risk profile of the company.

KEY RATING DRIVERS

Credit Strengths:

- 1. Extensive Experience of Promoters in Jewellery Business:** The promoters of the company have extensive experience of 30 years in jewellery business that helps them to maintain a better relationship with their customers and suppliers as well.
- 2. Reputed Brand Franchise:** The company has a franchise of well reputed brand P.C Jewellers that helps them to improve their revenues growth in future.



Credit Risks:

- 1. Average Financial Risk Profile:** The company has average financial risk profile with gearing level (TD/TNW) of 4.18 Times, Net Profitability Margins of (0.16%), Interest Service Coverage Ratio of 0.99 Times along with elongated conversion cycle of 126 days and Low current ratio of 1.20 Times in FY19 (Audited).
- 2. Intense competition and fragmented industry structure:** The Gems & Jewellery is cyclical in nature as the demands grow normally during festivities. The company has more demand during the peak season from September to December. The presence of various organised and unorganised players make the industry fragmented. Thus the company faces stiff competition from other established players, which limits its bargaining power and exerts pressure on its margins.

Analytical Approach and Applicable Rating Criteria

For arriving at its ratings, BWR has considered the standalone approach for the Company. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, improvement in revenues, profitability margins, and gearing level will be the key rating sensitivities.

Positive : The rating will be upgraded if the company is able to make significant improvement in their revenues, profitability margins and gearing level.

Negative : The rating will be downgraded if there is any deterioration in the financial Risk Profile of the company.

LIQUIDITY POSITION : Stretched

The company has no associate concerns or subsidiary concerns.

The company has cash & bank balances of Rs 0.22 crores in FY19 (Audited) and current investments include purchase of shares of Rs 1.50 crores of a company which is not related to them. The investment will be redeemed by the end of March 2021. The company has average utilisation of 98% of their Cash Credit Limits for the last six months. The company has a long term debt of Rs 0.43 crores which comprises a term loan of Rs 0.43 crores. The company has current maturities of long term debt of Rs 0.12 crores, in FY19 (Audited) and the company has cash accruals of Rs 0.23 crores against them. The company has Interest Service Coverage Ratio of 0.99 Times and Debt Service Coverage Ratio of 1.16 Times in FY19 (Audited). The current ratio has been 1.20 Times as at FY19 (Audited). The company has a conversion cycle of 126 days due to inventory of 133 days in FY19 (Audited).

About the Company

M/s Accufox Enterprises Private Limited, incorporated in 03/08/2017 and operations started from February 2018, is a private limited company with its official address at Rudrapur (Uttarakhand) and showroom address at C-43 CA, C-43/1 CA, Kashipur Bypass Road, Rudrapur.



The company is managed by directors Mr Basant Ballabh Bhatt ,Mr Rajeev Tiwari, and Mrs Mohini Devi. The company has a franchise of PC Jewellers and is engaged in all kinds of Jewellery and precious stones. The company has an agreement with PC Jewellers till June 2030.

Key Financial Indicators

Key Parameters	Units	FY19 (Audited)	FY18 (Audited)
Result Type			
Operating Revenue	₹ Cr	22.44	3.95
EBITDA	₹ Cr	(0.32)	0.86
PAT	₹ Cr	(0.03)	(0.28)
Tangible Net worth	₹ Cr	2.37	1.86
TD:TNW	Times	4.18	5.30
Current Ratio	Times	1.20	1.01

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : NA

Rating History for the last three years (Including Withdrawal and Suspended)

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Current Rating	2019	2018	2017
1.	Fund Based E.D.F.S Limit Term Loan Cash Credit Limit	Long Term	2.50 0.35 4.50	BWR B+ Stable Reaffirmed	BWR B+ Stable Reaffirmed	BWR B+ Stable Assigned	NA
	Total		7.35	Seven Crores Thirty Five Lakhs ₹ Only			



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

General Criteria

Approach to Financial Ratios

Manufacturing Companies

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ACCUFOX ENTERPRISES PRIVATE LIMITED

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Total (₹ Cr)
1	STATE BANK OF INDIA	<u>Fund Based</u> EDFS Limit Term Loan Cash Credit Limit	2.50 0.35 4.50	7.35
TOTAL : INR SEVEN CRORES THIRTY FIVE LAKHS ONLY				7.35



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