

Rating Rationale

AVI Appliances Pvt Ltd

27 June 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of AVI Appliances Pvt Ltd. ('The Company' or 'AAPL')

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit	5.00	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)
Non-Fund Based Bank Guarantee/Letter of Credit	10.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)
Total	Rs. 15.00 Crores (Rupees Fifteen Crores only)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the firm's audited financial results of FY14, FY15, FY16 & FY17, projections for FY18 & FY19, publicly available information and clarifications/information provided by Promoters.

The rating draws strength from the extensive experience of the promoters in the business, moderate financial risk profile characterized by healthy profitability, comfortable return metrics and low gearing. The ratings are however, constrained by low scale of operations, high level of current assets driven by receivables of 170-180 days reflecting working capital intensive operations. The ratings also note the intense competition from numerous small scale

manufacturers in the segment leading to pressure on margins. Major sales are to the Government sector and there is an appreciable delay in realization of receivables

Rating Outlook: Stable

BWR believes the **AVI Appliances Pvt Ltd's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

AVI Appliances Pvt Ltd (AAPL) was established in 1994 as a proprietary concern engaged in the business of manufacturing and assembling inverters, following which the entity was converted into a private limited company in 2003. Subsequently, AAPL started manufacturing and assembling of Solar & Power conditioning equipment / products. The products of the company includes off grid & grid tied Solar power packs, Solar hybrid UPS (inverters) with charge controller, Solar inverters, Solar street lighting systems, Long backup UPS, Tubular batteries, Solar home lights, Solar lanterns, Solar water pumping system, CFL / LED solar street lights, Luminaries for solar street lights, Solar PV modules, AC LED luminaries for street lights, etc. The company has its head office and manufacturing division at Ahmedabad.

Company Financial Performance

The Company has recorded the revenue of Rs. 27.24 Crs in FY17 against Rs. 30.90 Crs in FY16. PAT has increased from Rs. 1.98 Crs in FY16 to Rs. 2.69 Crs in FY17.

TNW as at 31.03.17 was Rs. 10.71 Crs.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	5.00	BWR BB (Outlook: Stable)	--	--	--
2	Non-Fund Based	Short Term	10.00	BWR A4+	--	--	--

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.