



## Rating Rationale

AXI Lam Pvt Ltd

25 May 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 11.50 Crores of AXI Lam Pvt Ltd.

### Particulars

Facility	Amount (₹ Cr)	Tenure	Rating*
Fund based	11.50	Long Term	<b>BWR BB-</b> (Pronounced as BWR Double B Minus) <b>Outlook:Stable</b>
<b>Total</b>	<b>11.50</b>	<b>INR Eleven Crores and Fifty Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating under Credit Watch with Positive / Negative / Developing implications

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results of FY17, provisional financial of FY18, projection upto FY20 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from moderate scale of operations as well as improved operating profit of the company. However, the rating is constrained by moderately low networth of the concern and weak financial risk profile. Hence, increase in networth and improved gearing ratios will be the key rating sensitivities.

#### Description of Key Rating Drivers

- **Credit Strengths:**

1. **Moderate scale of operations of the company:** AXI Lam Pvt Ltd registered Rs.11.42 Crs of revenue in FY17 being its first year of operations which further improved to Rs.29.35 crs in FY18 as per provisional financials.
2. **Increase in operating profit from FY16 to FY17:** The company reported increase of 65.00% in operating profit from FY17 to FY18.

- **Credit Risks:**



1. **Moderate networth of the company:** As per scale of operations and level of debt, AXILPL has moderate level of networth which stood at Rs.5.24 Crs as on 31st March 2018.
2. **Weak Financial Risk Profile:** The company is highly geared at 3.66 times coupled with weak debt protection metrics. Further, the concern has modest current ratio at 1.10 times in FY18 indicating a probable slight crunch in liquidity.

## Analytical Approach

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

## Rating Outlook:Stable

BWR believes the **AXI Lam Pvt Ltd** 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

AXI Lam Pvt Ltd (AXILPL) was established in the year 2015 in Sabarkantha district of Gujarat. The company is engaged in manufacturing of decorative laminated sheets. The concern prepares sheets of size 8 by 4 Sq.Feet and further supplies it to traders as per the design selected in the catalogue. AXILPL has a factory for the same in Sabarkantha with a production capacity of 100000 sheets per day.

## Company's Financial Performance

The company registered operating income of Rs.11.42 Crs in FY17 which improved to Rs.29.35 Crs in FY18 as per provisional financials. AXILPL has net profit margin of 1.34% in FY18. Tangible networth stood at Rs.5.24 Crs as on 31st March 2018.

## Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	11.50	<b>BWR BB- (Outlook:Stable)</b>	NA	NA	NA
	<b>Total</b>		<b>11.50</b>	<b>₹ Eleven Crores and Fifty Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comment  
Any other information

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Provisional	Audited
Operating Revenue	₹ Cr	29.35	11.42
EBITDA	₹ Cr	2.26	1.37
PAT	₹ Cr	0.39	0.01
Tangible Net worth	₹ Cr	5.24	4.91
Total Debt/Tangible Net worth	Times	3.66	3.21
Current Ratio	Times	1.10	1.35

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>AP Kamath</i> <i>GM-Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.



**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

**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.