



Rating Rationale

Aabhas Spinners (Pvt) Ltd.

10 Sep 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 4.95 Crores of Aabhas Spinners (Pvt) Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	4.75	Long Term	BWR B+ [Pronounced as BWR Single B Plus] Outlook: Stable
Non Fund Based	0.20	Short Term	BWR A4 [Pronounced as BWR Single A four]
Total	4.95	INR Four Crores & Ninety Five Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results upto FY18 and projected financials of FY19, publicly available information and information/clarifications provided by the company.

The rating draws strength from the promoter's experience in the industry, locational advantage of the unit, diversified product profile and established customer base. The rating further draws strength from the long term lease rentals .

The ratings are however, constrained by low scale of operations, relatively low tangible net worth, vulnerability of margins to fluctuation in raw material prices and a highly competitive polyester yarn industry.

Going forward ability of the company to enhance its scale of operations, to improve its profitability along with its capital structure and to manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**
 - **Experienced Promoters** - Aabhas Spinners Pvt Ltd was set up in 1992 by Mr Padam Kumar Dalmia and his wife Mrs Tripta Dalmia. The promoters have an experience of

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more than two decades in the industry and they are supported by a team of highly educated and competent staff.

- **Diversified Product Profile** - The company deals in the processing of polyester fibre into yarn, processing of filament into yarn, trading of recycled polyester fibre and warehousing business.
- **Lease Rentals** - The company has a warehouse which has been leased currently for a period of 9 years leading to moderate revenue visibility.
- **Credit Risks:**
 - **Low Scale Of Operations** - The company has low scale of operations as indicated by a top-line of Rs 29.45cr in FY18 compared to Rs 32.08cr in FY17. The tangible net worth of the company has improved to Rs 4.42cr in FY18 from Rs 4.11cr in FY17 but continues to remain low.
 - **Vulnerability Of Profit Margins** - Any adverse movement in the raw material prices would have a negative impact on the company's operating profitability.
 - **Intense Competition** - The polyester yarn industry is intensely competitive owing to the presence of a large number of players from both organised and unorganised sectors.

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 that **Aabhas Spinners (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

Aabhas Spinners Pvt Ltd was incorporated in 1992 by Mr Padam Kumar Dalmia and his wife Tripta Dalmia in Ludhiana, Punjab. In 2002, his son Mr Aabhas Dalmia joined as a director. The company undertakes processing of polyester fibre & filament into yarn. The company has an installed capacity of 2200 tonnes per annum and currently utilizes 90.00% of its total installed capacity.

Company's Financial Performance

The company has achieved a net sales of Rs 29.45cr with a PAT of Rs 0.18cr in FY18 vis-a-vis Rs 32.08cr and Rs 0.17cr in FY17.



Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based : Cash credit	Long Term	4.75	BWR B+ (Outlook:Stable)	-	-	-
2	Non Fund Based	Short Term	0.20	BWR A4	-	-	-
Total			4.95	₹ Four Crores & Ninety Five Lakhs Only			

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

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	29.63	32.08
EBITDA	₹ Cr	1.75	1.54
PAT	₹ Cr	0.18	0.17
Tangible Net worth	₹ Cr	4.42	4.11
Total Debt/Tangible Net worth	Times	1.76	1.50
Current Ratio	Times	1.13	1.27

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)



- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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