



Rating Rationale

Aee Vee Textiles

15 Mar 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 4.23 Crores of Aee Vee Textiles.

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based (FB)					
Term Loan	4.58	2.23	Long Term	BWR B+ (BWR B Plus) (Outlook -Stable)	BWR B+ (BWR B Plus) (Outlook -Stable) (Reaffirmation)
Cash Credit	2.00	2.00			
Total Limits	6.58	4.23	(INR Four Crores and Twenty Three Lakhs Only)		

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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY17, projections up to FY20, publicly available information and the information/ clarifications provided by the management.

The rating continues to draw strength from the extensive experience of the promoters in the textile business, improved revenue and operating profit. However, the rating is constrained by its relatively small scale of operations, low net worth, stretched liquidity and vulnerability to fluctuation in the raw material prices.

Description of Key Rating Drivers

Credit Strengths:

- Long experience of the promoter in the textile business.
- Favourable location- Bhiwandi has been developing as an industrial hub for the textile industry.
- Improved revenue and operating profit.

Credit Risks:

- Limitations of the proprietorial venture are largely due to finances and decision making.



- Volatility associated with raw material prices.
- Highly fragmented industry with presence of big players

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 **Aee Vee Textiles** 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

Aee vee Textiles was established on 1st Dec 2013. Firm is engaged in manufacturing of grey synthetic fabric on electronic rapier looms to be supplied various customer in and around Mumbai. Its manufacturing unit is located at Bhiwandi, Thane. This manufacturing unit is having 40 electronic rapier looms with the installed capacity of 10,200 meters per day. Mr. Dharamdas Talreja is the proprietor of the firm having more than two decades of experience in the textile business.

Company Financial Performance

AVT reported total operating income of Rs. 17.02 crs and PAT of Rs. 0.14 crs in FY17 as compare to Rs. 14.74 crs and PAT of Rs. 0.13 crs in FY16. The net worth of the firm stood at Rs. 0.44 crs in FY17 against the net worth of Rs. 0.33 crs in FY16.

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type			
Operating Revenue	Rs. Crores	14.74	17.02
EBITDA	Rs. Crores	2.29	2.41
PAT	Rs. Crores	0.13	0.14
Tangible Net worth	Rs. Crores	0.33	0.44
Current Ratio	Times	0.80	1.00

Rating History for the last three years

Si No	Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	4 Apr 2016	2015
Fund Based (FB)							
1	Term Loan	Long Term	2.23	BWR B+ (BWR B Plus) (Outlook -Stable) (Reaffirmation)	-	BWR B+ (BWR B Plus) (Outlook -Stable)	-
2	Cash Credit		2.00				
	Total Limits		4.23	(INR Four Crores and Twenty Three Lakhs Only)			

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>Bala Krishna Piparaiya</i> <i>CGM-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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 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 ₹ 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.