

Rating Rationale

Ainaj Industries

12th July 2017

Brickwork Ratings assign the ratings for the Bank Loan Facilities of Rs 17.00 Crs (INR Seventeen Crores Only) of Ainaj Industries.

Particulars

Kind of Facility	Tenure	Ratings Limits (Rs In Crs)	Rating
Working Capital Limit	Long Term	17.00	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable
Fund Based		17.00	
Total		17.00	INR Seventeen 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 audited financials up to FY 2016, provisional financials of FY 17 and projected financials of FY18, publically available information and clarifications/information provided by the company.

The rating factors, inter alia, the extensive experience of the Proprietor in cotton ginning and Oil business, low customer concentration risk and favorable location of the company.

However the rating is constrained by low scale of operations, thin profitability and a high gearing. The ratings also incorporate the highly competitive nature of ginning industry as well as seasonality & volatility associated with raw material price.

Rating Outlook: Stable

BWR believes that Ainaj Industries'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 revenue and profit shows a sustainable 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

Ainaj Industries, established in 1997 and based in Radhanpur, Gujarat, was set up as a partnership firm by Mr Dayaram Thakkar, Mr Vasant Thakkar, Mr Dinesh Thakkar, Mr Suresh Thakkar, and Mr Rajesh Thakkar. In 2010, four partners withdrew their capital and Ainaj Industries was reconstituted as a proprietorship firm of Mr Suresh Thakkar.

It is engaged in ginning & pressing of cotton and extraction of oil from cotton seeds. It has an installed capacity of 36,000 MTPA of cotton bales and 3000 MTPA per annum for cotton oil extraction.

Company Financial Performance

For fiscal 2016, AI's net profit was Rs 0.09 Crs on a net sales of Rs 55.85 crore, against a net sales of Rs 65.10 crore for fiscal 2015.

As per the unaudited and provisional results for FY17, the company has reported a turnover of Rs 78.51 Crs and a net profit of Rs 0.22 Crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Crs)	Rating	2016	2015	2014
1	Fund Based Working capital	Long Term	17.00	BWR B+ (Outlook : Stable) (Pronounced as BWR Single B Plus)	-	-	-

Hyperlink/Reference to applicable Criteria

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

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, 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.

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