

## Rating Rationale

**Brickwork Ratings assigns long term fund based rating as ‘BWR BB-’ and the short term fund based rating of ‘BWR A4’ for Bank Loan Facilities amounting to ₹ 40.35 Cr of Akshar Spintex Pvt. Ltd.**

Brickwork Ratings has assigned following **Rating<sup>1</sup>** for the Bank Loan Facilities of Akshar Spintex Pvt. Ltd (ASPL or ‘the Company’).

Facilities	Limits (₹ Cr)	Tenure	Rating
Cash Credit	6.00	Long Term	<b>BWR BB-</b> <b>(Pronounced BWR Double B Minus)</b> <b>(Outlook: Stable)</b>
Term Loan	33.00		
<b>Total Fund Based</b>	<b>39.00</b>		
Bank Guarantee	1.35	Short Term	<b>BWR A4</b> <b>(Pronounced BWR A Four)</b>
<b>Total Non-Fund based</b>	<b>1.35</b>		
<b>Total</b>	<b>40.35</b>	<b>INR Forty Crores and Thirty Five Lakhs only</b>	

BWR has essentially relied upon audited financial results of FY14, FY15 and FY16, projected financial statements of FY17 & FY18, publicly available information and information provided by the management.

The rating has, inter alia, factors the industry experience of the promoters and improved financial performance. The rating is, however, constrained by low profit margins, intense competition from other players in the industry; particularly those with large capacities and climatic and environmental instability affecting the agro based industry. Profit margins are further vulnerable to volatility in raw material prices in domestic and international markets. Subsidies play a major role in the profitability of the unit.

### Background:

Akshar Spintex Pvt Ltd was incorporated in June 2013 as a private limited company by Mr. Ashok Bhalala, Mr. Rajdeep Patel, Mr. Amit Gadiya, Ms. Ilaben Paghdar and Ms. Rekha Chauhan. ASPL has started its operation from October, 2014. Manufacturing unit is located in Kalawad Gujarat and is spread over 20000 sq. meters. ASPL has its office situated in Rajkot, Gujarat. ASPL has total 24480 spindles auto coned combed and carded mill with all latest machineries. ASPL manufactures carded cotton yarn, semi combed cotton yarn and combed cotton yarn of finer quality with 16’ to 44’ count.

### Financial Performance:

As per the audited financial for FY16 the total operating income of the company stood at ₹ 63.94 Cr against ₹ 17.80 Cr in FY15. Net profit of the company has also increased to ₹ 0.23 Cr in Fy16

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

from ₹ 0.85 Cr net loss in FY15. The Tangible Net worth of the company is ₹ 23.32 Cr for FY16.

**Rating Outlook:**

Going forward, ability to achieve the projected turnover, improving profitability while managing volatility associated with raw material prices, managing working capital efficiently and reducing gearing will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**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.