



## Rating Rationale

### Akshra Industrial Corporation

27 March 2018

**Brickwork Ratings Assigns ratings for the Bank Loan facilities aggregating Rs. 4.89 Crores of Akshra Industrial Corporation.**

#### Particulars:

Facility	Amount Rated (Cr)	Tenure	Rating Assigned
<b>Fund Based</b> Cash Credit Term Loan	4.50 0.39	Long Term	BWR B(Pronounced as BWR Single B) Outlook: Stable
<b>Total</b>	<b>4.89</b>	<b>INR Four Crore Eighty Nine Lakh Only</b>	

^Please refer to BWR website [www.brickworkratings.com/](http://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 FY17 and publicly available information and information/ clarifications provided by the company.

The rating draws comfort from the Experience of Proprietor and Comfortable Liquidity. The rating is however, constrained by High Gearing and Low Tangible Network, Elongated Conversion Cycle and Proprietorship Constitution

#### Key Rating Drivers

##### **Credit Strengths**

- **Experienced Proprietor:** Proprietor of the firm has more than two decade of experience in the business of manufacturing parts required for agricultural and auto industry.
- **Comfortable Liquidity:** Current Ratio stood at 1.31 X for FY 17 which shows firm's ability to meet its short term obligations.



### Credit Weaknesses

- **High Gearing and Low Tangible Networth:** Gearing Level (TOL/TNW) stood at 10.35X for FY-17 as compared to 11.36X for FY-16 due to low tangible Networth of Rs 0.87 Cr . Low Tangible Networth suggests low financial flexibility of the firm.
- **Elongated Conversion Cycle:** Conversion Cycle for the FY-17 stood at 166 Days owing to high number of days inventory at 191 Days which suggests working capital intensive operation of the firm.
- **Proprietorship Constitution:** Akshra Industrial Corporation being a proprietorship firm, is exposed to inherent risk of the capital being withdrawn at a time of personal contingency and restricted avenues to raise capital which could prove a hindrance to its growth.

### About the Company

M/S Akshra Industrial Corporation was established in the year 1972 is engaged in manufacturing of Diesel Engine Parts, Tractor Parts, Agricultural implements parts, Scissor Jacks and D G Set Parts required for various sector especially Auto and Agricultural industry.

Mr. Suraj Sharma is proprietor and at helm of the affairs including marketing and budgeting.

Its manufacturing unit is located at Pratap Nagar, Ludhiana.

### Company Financial Performance

Key Parameters	Units	FY-16 (Audited)	FY-17 (Audited)
Total Operating Income	Cr	15.47	16.93
EBITDA	Cr	1.19	1.18
Tangible Networth	Cr	0.74	0.87
TOL/TNW	Times	11.36	10.35
Current Ratio	Times	1.37	1.31
PAT	Cr	0.13	0.17

**Status of non-cooperation with previous CRA: NA**



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

Facility	Amount Rated (Cr)	Tenure	Rating Assigned (2018)	2017	2016	2015
Fund Based Cash Credit Term Loan	4.50 0.39	Long Term	BWR B (Pronounced as BWR Single B ) Outlook: Stable	NA	NA	NA
<b>Total</b>	<b>4.89</b>	<b>INR Four Crore Eighty Nine Lakh Only</b>				

**Hyperlink/Reference to applicable Criteria**

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

For any other criteria obtain hyperlinks from website

Analysts	Media
<u>Mr. S.K. Gakhar</u> Deputy General Manager - Ratings <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@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 ₹ 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.

#### **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.