

**Rating Rationale**

Alayna Industries

11Feb2019

**Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹ 9.01 Crores of Alayna Industries.(AI or Firm)**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating *		
	Previous to Previous Rating	Present		Previous to Previous (Dec, 2016)	Previous (Mar, 2018)	Present
Fund based Term Loan	4.66	2.61*	Long Term	BWR B+ (Pronounced as BWR single B Plus) (Outlook: Stable)	Issuer Did Not Co-operate BWR C+ (Pronounced as BWR single C Plus)	BWR D (Pronounced as BWR D) Downgraded
FLC (Sublimit of Term Loan)	(1.60)	(1.60)				
Cash Credit	6.40	6.40				
<b>Total</b>	<b>11.06</b>	<b>9.01</b>	<b>INR Nine Crores and One Lakh Only</b>			

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

Term Loan Outstanding is as on 4 Feb 2019 . The firm has provided the provisional financials of FY 18 even as on 7.2.2019 and not provided audited financials of FY 18



## **Ratings: Downgraded**

### **Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has principally relied on Audited financials upto FY 17, CA certified Provisionals of FY 18, projections upto FY 20, publicly available information and information/clarifications provided by firm's management. **( FY 18 is provisional financial data)**

The rating factors inter-alia improved operating profit margin, . The ratings are constrained by decrease in operating income, high gearing, decrease in Net profit margin , negative debt coverage ratio , decrease in Share Capital, High gearing and delays in debt servicing , inherent risk , gap risk and information risk **( FY 18 is provisional financial data)**

Going forward the ability of the firm to infuse own funds, improve scale of operations by enhanced operating income ,profitability margins along with servicing of debt obligations promptly shall remain key rating sensitivities

### **Description of Key Rating Drivers**

- **Credit Strengths:**

The operating profit margin is improved from 7.27% in FY 17 to 9.61% in FY 18, **( FY 18 is provisional financial data)**

- **Credit Risks:**

The Total Operating Income has decreased from Rs 55.47 Crs in FY 17 to Rs 25.92 Crs in FY 18. The Gearing stands at 10.32 x in FY 18, Net profit margin is decreased from 0.47% in FY 17 to 0.27% in FY 18. Debt servicing ratio is at 0.65 x in FY 18. ,Share Capital has decreased from Rs 6.85 Crs in FY 17 to Rs 2.11 Crs in FY 18. Overdue is observed in term loan repayment of Rs 0.22 Crs and ad-hoc limit in Cash Credit facility sanctioned on 15.9.2018 for Rs 1.60 Crs valid till 14.12 2018 is still overdue by Rs 1.06 Crs and thus Bank has classified the overdues in SMA 1 category , inherent risk is related to the firm being Partnership . Gap risk related to the gap arising between Provisional and Audited financial data .Information risk is related to not made available bank statement of Cash credit facility for analysis



(FY 18 is provisional financial data)

### 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).

### About the Firm

Alayna Industries was established in 2014. The firm is involved in processing and supplying of Basmati and Non Basmati Rice and is located at Mandideep Madhya Pradesh. It sells products under registered brand name “Golden Bird” to Indian Markets

### Firm ‘s Financial Performance

The Total Operating Income Rs 25.92 Crs in FY 18. The Profits After Tax is Rs 0.07 Crs in FY 18. The Tangible Net worth is Rs 2.18 Crs in FY 18 (FY 18 is provisional financial data)

### Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	28.3.2018	9.12.2016	11.8.2015
1)	Fund Based Term Loan	Long Term	2.61	BWR D (Pronounced as BWR D)	Issuer Did Not Cooperate BWR C+ (Pronounced as single BWR C Plus)	BWR B+ (Pronounced as BWR single B Plus) (Outlook: Stable)	BWR B (Pronounced as BWR single B) (Outlook: Stable)
2)	FLC(Sublimit of Term Loan)		(1.60)				
3)	Cash Credit		6.40				
	<b>Total</b>		<b>9.01</b>	<b>₹ Nine Crores and One Lakh Only</b>			

Status of non-cooperation with previous CRA :Not to our knowledge

Any other information : Nil



**Key Financial Indicators**

Key Parameters	Units	2018 Prov	2017
<b>Result Type</b>			
Operating Revenue	Crores	25.92	55.47
EBITDA	Crores	2.49	4.03
PAT	Crores	0.07	0.26
Tangible Net worth	Crores	2.18	7.11
Total Debt/Tangible Net worth	Times	10.32	2.32
Current Ratio	Times	2.18	3.91

**Hyperlink/Reference to applicable Criteria**

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

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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](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, 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.

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