

Rating Rationale

Avi Ansh Textile Pvt. Ltd.(Erstwhile: Rajneesh Spinners Pvt. Ltd.)

March 6, 2018

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities amounting to Rs. 18.15 Crs. of Avi Ansh Textile Pvt. Ltd.(Erstwhile: Rajneesh Spinners Pvt. Ltd.)

Particulars:

Facility	Limits (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous Rating	Rating Assigned
Existing/Proposed TL	2.25	10.05	Long Term	BWR BB Pronounced BWR Double B (Outlook – Stable)	BWR BB Pronounced BWR Double B (Outlook – Stable) [Reaffirmation]
Proposed/Existing Cash Credit	4.00	8.00			
Non Fund Based					
Bank Guarantee	0.30	0.10	Short Term	BWR A4 Pronounced BWR A Four	BWR A4 Pronounced BWR A Four [Reaffirmation]
Total	6.55	18.15	INR Eighteen Crores & Fifteen Lakhs Only		

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

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financials upto FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the Firm.

The rating has, inter alia, factored in the experienced management, stable scale of operations comfortable leverage levels and comfortable debt protection metrics. The rating is, however,

constrained by low profitability margins, stretched liquidity position. The rating also takes into consideration, the execution risk w.r.t the new expansion facility which is under progress.

Going forward scaling up of business, meeting projections and ensure timely servicing of debt would be the key rating sensitivities.

Key Rating Drivers:

Stable Scale of operations: Though the operating income has been improving marginally on Y-O-Y basis for the last three years, overall scale of operations can be considered as stable. There has not been sharp increase in operating income for last three years. The company is projecting considerable jump in operating income in the financial year FY19 due to the upcoming facility which will help the company increase its production during FY19

Comfortable debt protection metrics:- The company has comfortable debt protection metrics with ISCR and DSCR of 3.06 times & 2.16 times respectively as on 31st March 2017. The company is not expected to face any difficulty in meeting fixed obligation in the short term.

Low profitability margins: Profitability margins of the company have continued to remain low with net margin and operating profit margin at 0.86% and 5.53% respectively in FY17 against 0.78% and 5.89% respectively in FY16.

Stretched liquidity position: Though there has been marginal improvement in the liquidity position, it has continued to remain stretched in FY17 as well. With current ratio of 1.00 times in FY17, short term liquidity can be a cause of concern for the company.

Rating Outlook: Stable

BWR believes that **Avi Ansh Textile Pvt. Ltd's(Erstwhile: Rajneesh Spinners Pvt. Ltd.)** 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 Firm is able to collect receivables promptly to improve the overall liquidity position. The rating outlook may be revised to 'Negative' if the liquidity position deteriorates any further.

About the Firm:

The company **Avi Ansh Textile Private Limited** was incorporated on 27 April 2005 as "Rajneesh Spinners Private Limited" by Mr. Satish Kumar Sharma, Mr. Tushar Kumar Chandra, Mr. Jayesh Kumar Chandra and Mr. Ashwani Kumar.

The company's corporate office is located in New Delhi and production unit is in Mohali, Punjab. The company is engaged into manufacturing of cotton yarn.

Firm's Financial Performance:

AATPL reported operating income of Rs. 35.09 Crs. with a net profit of Rs.0.30 Crs. in FY17 against an operating income of Rs. 31.26 Crs. with a net profit of Rs. 0.24 Crs in FY16.

Key Financial Figures			
Particulars	Unit	FY16(Audited)	FY17(Audited)
Total Operating Income	Rs. Crores	31.26	35.09
EBITDA	Rs. Crores	1.84	1.94
PAT	Rs. Crores	0.24	0.30
TNW	Rs. Crores	5.83	6.13
Total Debt : TNW	Times	1.26	1.05
Current Ratio	Times	0.86	1.00

Rating History for the last three years:

Sl. No.	Facility	Current Rating (February 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	18.05	BWR BB (Outlook – Stable) reaffirmed	NA	BWR BB	BWR BB-
2	Non Fund Based	Short Term	0.10	BWR A4 reaffirmed	NA	BWR A4	BWR A4
Total			18.15	Rupees Eighteen Crores & Fifteen Lakhs Only			

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Hyperlink/Reference to Applicable Criteria:

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

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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

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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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