

## Rating Rationale

**Brickwork Ratings Revises the ratings to 'BWR BB' & 'BWR A4' for long term & short term facilities respectively aggregating ₹6.40 Cr to Avi Ansh Textiles Pvt Ltd (formerly known as Rajneesh Spinners Pvt Ltd).**

On an Annual Review, Brickwork Ratings (BWR) has *upgraded* the **Rating<sup>1</sup>** for the Bank Loan facilities of Avi Ansh Textiles Pvt Ltd. ('AATPL' or 'the Company') as detailed below:

Facility	Limit ( Cr )		Tenure	Rating	Rating History
	Previous	Present			
<b>Fund Based</b>					
<b>Cash Credit</b>	4.00	<b>4.00</b>	<b>Long Term</b>	<b>BWR BB</b> (Pronounced BWR Double B )  <b>Outlook: Stable</b> <b>Rating Upgraded</b>	BWR BB- (Pronounced BWR Double B Minus)  Outlook: Stable
<b>Term Loan 1</b>	1.45	<b>0.29</b>			
<b>Term Loan 2</b>	2.25	<b>2.01</b>			
<b>Non Fund Based</b>					
<b>B.G</b>	0.10	<b>0.10</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)  <b>Rating Reaffirmed</b>	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	7.80	<b>6.40</b>	<b>INR Six Crores Forty Lakhs Only</b>		

BWR has principally relied upon the audited financial results up to FY14, Provisionals of FY15 and the projections up to FY16 publicly available information and information/clarifications provided by the firm's management.

The rating, factors in the promoters' experience, increase in the turnover, low cash conversion cycle. The ratings are however; constrained by declining profitability margins, low net worth levels, intense competition and high leverage.

### Background:

Avi Ansh Textiles Pvt Ltd(formerly known as Rajneesh Spinners Pvt Ltd) was incorporated in the year 2005 by Mr.Satish Kumar Sharma,Mr.Tushar Kumar Chandra,Mr.Jayesh Kumar Chandra and Mr.Ashwani Kumar as a private limited company with its registered office in Delhi and manufacturing plant located at Mohali,Punjab.The company was acquired by Mr.Anil Kumar and Mrs.Geetha in May 2012.The company renamed as "Avi Ansh Textiles Pvt Ltd"(AAPTLL) in 2014.The products manufactured by the company are carded cotton hosiery yarn and carded cotton double yarn. At present the company is producing on average 5.5 MT of cotton yarn per day with the new machinery installed in the newly constructed block.

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

The production unit has 25000 ring frame spindles and total utilized capacity of the machinery is 85%.The major raw material used for the process are J-34 RG.The company procures the raw materials from suppliers from the region of Haryana and Punjab.It has a restricted customer base.AAPTL has 60 permanent employees.

**Management Profile:**

Mr.Anil Jain,Mrs.Geetha Jain,Mr.Ashwani Kumar and Mr.Satish Sharma are the directors of the company.The directors have two decades of experience and all are graduates.

Mr.Anil Jain has been associated in this cotton business since 1988, through the manufacture of hosiery garment partnering with his brother in M/S Arihant Hosiery, was also trading the same since 1993 in his proprietorship concern M/S Arihant Yarn Agency,trading of cotton yarn since 2005 by starting a company "Avi Ansh Enterprises Pvt Ltd.Mr.Anil Jain and Mrs.Geetha has formed two companies called M/S GA Alloy and M/S S.J.Metals Pvt Ltd.

**Financial Performance:**

During FY14, the net revenue from operations increased to ₹21.23 Cr from ₹9.34 Cr in FY13.The net profit margin was 0.33% and operating profit margin was 8.14% for FY14.The current ratio is 0.63 times as on FY14.The debt equity ratio is 2.39 times. The net worth is ₹2.89 Cr as on FY14.The estimated turnover achieved by the company in FY15 is ₹30.75 Cr.

**Rating Outlook:**

Going forward, the ability of the firm to achieve its projected turnover and profitability levels, strengthening its capital structure and expanding the customer base will remain the key rating sensitivities.

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