

Rating Rationale

Brickwork Ratings reaffirms the ratings at BWR BB/A4 for the Bank Loan Facilities aggregating to ₹ 6.55 Cr of Avi Ansh Textiles Pvt. Ltd (Formerly known as Rajneesh Spinners Pvt. Ltd.)

Brickwork Ratings has assigned following **Rating¹** for the Bank Loan Facilities of Avi Ansh Textiles Pvt. Ltd (Formerly known as Rajneesh Spinners Pvt. Ltd.)(AATPL or the “Company”):-

Facility	Previous Limits In Crs.	Existing & Proposed Limits in Crs.	Tenure	Previous Rating	Rating Assigned
Fund Based					
Term Loan(O/S)	2.30	2.25	Long Term	BWR BB Pronounced BWR Double B (Outlook: Stable)	BWR BB Pronounced BWR Double B (Outlook: Stable) [Reaffirm]
Cash Credit	4.00	4.00			
Non Fund Based					
Bank Guarantee	0.10	0.30	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) [Reaffirm]
Total	6.40	6.55		INR Six Crores and Fifty Five Lakhs	

BWR has essentially relied upon audited financial results of Avi Ansh Textiles Pvt. Ltd. upto FY16 and projected financials for FY17 and FY18, publicly available information and information provided by the management.

The rating has, inter alia, factored in the experienced management, stable sales, improvement in net margin and comfortable debt protection metrics. The rating is, however, constrained by low scale of operations and stretched liquidity position.

Background:

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.

Financial Performance:

As per the audited financials for FY16, AATPL's gross sales from operations stood at Rs. 31.48 Cr against Rs. 29.55 Crs. in FY15. Profit after Tax for the firm stood at Rs. 0.24 Crores in FY16. Tangible networth for the company stood at Rs. 5.83 Crs. as on 31st March 2016. Operating profit margin & net profit margin for the firm stood at 6.55% & 0.78% respectively in FY16. Current ratio for FY16 was 0.86 times.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of business, meeting projections, improving liquidity position and ensuring timely service of debt would be the key rating sensitivities.

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