Rating Rationale

Gayatri Dye Chem

28 June 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.91 Crores of Gayatri Dye Chem.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	**5.91**	**Long Term**	**BWR BB-** Pronounced as BWR Double B Minus **Outlook:Stable**
Total	**5.91**	**INR Five Crores and Ninety One Lakhs Only**	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the firm's audited financial results for FY17, provisional financial for FY18, projections upto FY20 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from qualified and experienced management, increase in scale of operations and firm's moderate current ratio. However, the rating is constrained by low networth and firm's below average debt protection metrics.

Going forward, the ability of the firm to infuse capital and manage its working capital will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

1. **Qualified and experienced management:** Dr.Ramgopal Gupta, Dr. Ankit Agarwal, Mr. Prashant Gupta and Mr. Vikas Gupta are the Promoters of firm and are highly qualified with an extensive experience of 30 years in the line of business.
2. **Increase in scale of operations:** GDC reported a moderate operating income of Rs.46.83 crs in FY17 being its first year of operations which further improved to Rs.71.47 Crs in FY18 (provisionals).
3. **Moderate current ratio:** The firm has a current ratio at 1.90 times in FY18 signifying adequate liquidity.

- **Credit Risks:**

1. **Low networth of the firm:** As per scale of operations and level of debt, the firm has low net worth of Rs.5.16 Crs as on 31st March 2018 (Provisional).
2. **Below average debt protection metrics:** GDC has weak DSCR at 0.60 times in FY18 against 2.46 times in FY17.

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).

Rating Outlook:Stable

BWR believes the **Gayatri Dye Chem** 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Gayatri Dye Chem (GDC) is a partnership firm established in the year 2013 in Naroda, Gujarat. However, the firm commenced its operations in February 2016. GDC is engaged in manufacturing of reactive dyes for colors like black and red which are further used in textile printing. The concern has a factory located in GIDC, Naroda wherein Mr. Ankit Agarwal is the managing partner heading all day to day operations.

Company Financial Performance

The firm reported a total operating income of Rs.46.83 Crs in FY17 being its first year of operations which further improved to Rs.71.47 Crs in FY18 (provisional). Net profit margin and operating profit margin was at 2.14% and 5.99% in FY17 respectively. Tangible net worth stood at Rs.4.09 Crs as on 31st March 2017.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	**Fund Based**	Long Term	5.91	**BWR BB- Outlook:stable**	**NA**	**NA**	**NA**
	Total		**5.91**	**₹ Five Crores and Ninety One Lakhs Only**			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments

Any other information

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Provisional**	**Audited**
Operating Revenue	₹ Cr	71.47	46.83
EBITDA	₹ Cr	4.10	2.80
PAT	₹ Cr	1.15	1.00
Tangible Net worth	₹ Cr	5.16	4.09
Current Ratio	Times	1.90	1.63

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Infrastructure Sector**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

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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

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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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