



Rating Rationale

Vaishali Silk Mills Pvt Ltd

16th April 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.39 Crores of Vaishali Silk Mills Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	6.39	Long Term	BWR BB- (Outlook: Stable) (Pronounced as BWR Double B Minus)
Total	6.39	INR Six Crores and Thirty Nine 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 audited financial results up to FY17, projected financial statements up to FY20, publicly available information and information provided by the management.

The rating, inter alia, factors the experienced directors with about 29 years of experience in the current line of activity, comfortable debt protection matrix and liquidity position. established relationship with customer and supplier. The rating is, however, constrained by low scale of operations, thin margins and competition from organized players.

Description of Key Rating Drivers

The promoters have an extensive experience of over two decades of experience in the current line of activity and this has led to strong customer and supplier relationship.

The top line has shown a marginal growth on y-o-y basis; however the scale of operations are low with the turnover achieved at Rs 27.15 crores in FY 2017. Profitability has been thin with PAT at Rs 0.52 Crs in FY17(0.81%-NPM); however the OPM is healthy at 8.05% in FY 17.

The gearing is moderate with TOL/TNW at 1.27x in FY17; with considering the unsecured loans subordinated to bank loan the gearing will be low.



The company faces intense competition from the numerous organized and unorganized players.

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 **Vaishali Silk Mills 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 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

M/s. Vaishali Silk Mills Pvt. Ltd. was incorporated on 12th Sept 1989. The Directors of the company are Ashokkumar Narang & Madansingh Narang. The Company has its operations based at Sachin, GIDC running Dyeing & Printing (Processing) Mill. The Company has installation of 12 Jet Dyeing Machines, 5 Printing Machines, 1 Rotary Machine & 2 Stenter Machines employed at Plot No. 290/1, Road No. 2, GIDC, Sachin, Surat admeasuring 10,490.82 Sq Mtrs. All the machines employed by company are used for Job-Work business, process of Dyeing, Printing & Finishing on Grey Cloth, converting Grey cloth into Finished fabrics.

Company Financial Performance

The company reported a net profit of Rs. 0.52 Crs on an operating income of Rs.27.15 Crs in FY17 (A), as compared to a net profit of Rs. 0.21 Crs on an operating income of Rs. 26.21 Crs in the previous year

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	6.39	BWR BB-	N.A	N.A	N.A
	Total		6.39	₹ Six Crores and Thirty Nine Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	27.15	26.21
EBITDA	₹ Cr	2.19	2.41
PAT	₹ Cr	0.52	0.21
Tangible Net worth	₹ Cr	6.21	5.69
Total Debt/Tangible Net worth	Times	1.35	1.36
Current Ratio	Times	1.97	1.89

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Sushil Kumar Chitkara</i> <i>Deputy General Manager Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.