

Rating Report

Brickwork Ratings assigns 'BWR C+' & 'BWR A4' for Bank Loan Facilities aggregating to ₹ 10.12 Cr of AVR Zinc Products Pvt. Ltd.

Brickwork Ratings has assigned following **Ratings**¹ for Bank Loan Facilities of AVR Zinc Products Pvt Ltd ("AZPL" or "the company").

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based Cash Credit	6.50	Long Term	BWR C+ (Pronounced as BWR C Plus)
Fund Based WCTL	2.12		
Non-Fund Based Letter of Credit	1.50	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	10.12	INR Ten Crores and Twelve Lakhs only	

BWR has essentially relied upon the audited financial results up to FY13, provisional financials of FY14, projections of FY15 and information and clarifications provided by the management of the company.

The rating factors, inter alia, promoters' experience in the industry and reputed clientele from tyre industry. However, the rating is constrained by low capacity utilization, customer concentration risk, erosion of tangible net worth, thin profit margins, weak debt protection metrics, and elongated cash conversion cycle.

Background

AZPL was established in the year 1987 as AVR Chemicals by the promoter Ms. E.Anuradha and was later incorporated as a Private Limited Company in the name of AVR Zinc Products Pvt Ltd. The manufacturing unit is located at Yanam in Union Territory of Pondicherry. The company is involved in the manufacturing of Zinc oxide, which is utilized in various industries like rubber, paint, ceramic and pharmaceutical industries. The average annual production capacity of the facility is 7200MTPA and Capacity utilization of the company was 23% in FY14. The company has a 'Quality Management System' certification of ISO 9001:2008

Financial Performances

AZPL's revenue has decreased from Rs. 19.84Cr in FY12 to Rs. 16.19Cr in FY13. The company had net and operating loss in FY13. The Share capital of the company was ₹1.89Cr in FY13, which has been eroded by the accumulated losses. AZPL has, as per provisional figures, has achieved revenue of ₹16.64crs in FY14.

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

Rating Outlook

Going forward, ability of the company to improve the sales & profitability margins, stabilize the operations & improve the capacity utilization, manage working capital efficiently, service its financial obligations in a timely manner and strengthen its capital structure will be key rating sensitivities.

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AVR Zinc Products Pvt Ltd

Profit & Loss Account

Annexure – I

₹ Crores	FY11	FY12	FY13
Result Type	Audited	Audited	Audited
Net Sales	17.75	19.84	16.19
Other Operating Income	0.35	0.16	0.07
Total Operating Income	18.10	20.00	16.26
Operating Expenses	16.70	18.46	16.92
OPBDIT	1.40	1.54	-0.66
Depreciation	0.10	0.08	0.07
OPBIT	1.30	1.46	-0.73
Interest and Finance Charges	1.13	1.50	1.64
OPBT	0.17	-0.05	-2.37
Non-Operating Income(Expenses)	0.03	0.10	0.04
PBT	0.20	0.05	-2.33
Provision for Taxes	0.00	0.01	0.00
PAT	0.20	0.04	-2.33

AVR Zinc Products Pvt Ltd

Balance Sheet

Annexure – II

₹ Crores	FY11	FY12	FY13
Liabilities	Audited	Audited	Audited
EQUITY AND RESERVES	0.89	1.21	-1.12
Share capital	0.10	1.89	1.89
Share Application money Pending allotment	1.79	0.03	0.03
Reserves and Surplus	-1.01	-0.71	-3.05
Non-current liabilities	4.50	4.05	3.72
Long-Term Borrowings	4.48	4.03	3.70
Deferred tax Liabilities (Net)	0.01	0.02	0.02
Current liabilities	4.07	6.92	6.26
Short-Term Borrowings	3.57	6.41	5.88
Trade Payables	0.40	0.34	0.29
Other Current Liabilities	0.06	0.15	0.09
Short-Term Provisions	0.04	0.01	0.00
Total Liabilities	9.45	12.17	8.86
Assets			
Non-current assets	1.09	1.01	0.95
Net Fixed assets	1.05	0.97	0.90
Long Term Loans and Advances	0.05	0.04	0.06
Current assets	8.35	11.16	7.90
Current Investments	0.00	0.00	0.00
Inventories	2.03	3.04	3.92
Trade Receivables > Six Months	0.38	0.77	0.38
Trade Receivables < Six Months	3.52	4.17	1.60
Cash and Cash Equivalentents	0.47	0.36	0.19
Short-Term Loans and Advances	1.56	2.33	1.43
Other Current Assets	0.40	0.49	0.39
Total Assets	9.45	12.17	8.86

AVR Zinc Products Pvt Ltd

Key Ratios

Annexure – III

		FY11	FY12	FY13
		Audited	Audited	Audited
Tangible Net Worth	₹ Crores	0.89	1.21	-1.12
Total Debt/TNW	Times	9.09	8.64	-8.54
ISCR	Times	1.24	1.02	-0.40
DSCR	Times	1.26	0.76	-0.28
Net Cash Accruals/Total Debt	Times	0.04	0.01	-0.24
Net Profit Margin	%	1.08	0.22	-14.36
Operating Profit Margin	%	7.72	7.69	-4.06
ROCE	%	14.53	14.12	-7.25
Current Ratio	Times	2.05	1.61	1.26