

## Rating Report

**Brickwork Ratings assigns 'BWR B+' for the Bank Loan facilities aggregating to ₹ 6.58 Crs of Ae Vee Textiles.**

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan facilities of ₹6.58 Crs of Ae Vee Textiles. ('The Firm')

Facilities	Limits (₹ Crs)	Tenure	Rating
<b>Fund Based (FB)</b>			
<b>Term Loan</b>	<b>4.58</b>	<b>Long Term</b>	<b>BWR B+ (Pronounced BWR B Plus) (Outlook : Stable)</b>
<b>Cash Credit</b>	<b>2.00</b>		
<b>Total Limits</b>	<b>6.58</b>	<b>(INR Six Crores and Fifty Eight Lakhs Only)</b>	

BWR has essentially relied upon the audited financials of FY15 , projections of FY16 , FY17 & FY18 publicly available information and the information/clarification provided by the management.

The rating has factored, inter alia, the strength it derives from the extensive business experience of more than 10 years of the Promoter and locational advantage of the unit.

However, the rating is constrained by its relatively small scale of operation, thin profitability margin, low networth, fragmented nature of industry, vulnerability to fluctuation in the raw material prices.

### Background:

Ae Vee Textiles was established on 1<sup>st</sup> December 2013. Ae Vee Textiles is engaged in manufacturing of grey synthetic fabric on electronic rapier looms to be supplied various customers in and around Mumbai. Firm's manufacturing unit is located in Bhiwandi, Thane. This manufacturing unit is having 40 electronic rapier looms with the installed production capacity of 10,200 meters per day.

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

**Management:**

Mr. Dharamdas Gunomal Talreja is the proprietor of the firm having more than two decades of experience in the line of textile business.

**Financial Performance:**

The Firm has posted a revenue of Rs.14.00 crs in FY15. Net profit is reported at Rs.0.18 crs in FY15. The net worth of the firm is reported at Rs.0.24 crs. The operating profit margin stood at 8.66% in FY 15 and net profit margin stood at 1.26% in FY15 .

**Rating Outlook:**

The Rating outlook is expected to be stable in near term. Going forward, the ability to increase its scale of operations, achieve projected financial, improve its profit margins and optimum utilization of working capital by reducing payable levels are the key rating sensitivities for the Company.

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**Annexure – I**  
**Aee Vee Textiles**  
**Profit and Loss Account**

Crores	FY 15	FY 16	FY 17	FY 18
Result Type	Audited	Projected	Projected	Projected
Gross Sales	14.00	15.27	16.30	17.35
<b>Net Sales</b>	<b>14.00</b>	<b>15.27</b>	<b>16.30</b>	<b>17.35</b>
<b>Total Operating Income</b>	<b>14.00</b>	<b>15.27</b>	<b>16.30</b>	<b>17.35</b>
Raw Material Consumed	11.96	11.69	12.67	13.75
Power and Fuel Expenses	0.26	0.27	0.29	0.30
Employee Cost	0.26	0.21	0.22	0.23
Manufacturing Expenses	0.13	0.21	0.22	0.23
Cost of Goods Sold	12.60	12.37	13.39	14.52
Selling, General and other Administrative expenses	0.18	0.24	0.26	0.28
<b>Operating Expenses</b>	<b>12.79</b>	<b>12.61</b>	<b>13.66</b>	<b>14.80</b>
<b>OPBDIT</b>	<b>1.21</b>	<b>2.66</b>	<b>2.64</b>	<b>2.55</b>
Depreciation/Amortization/Impairment	0.71	1.30	1.12	0.97
<b>OPBIT</b>	<b>0.50</b>	<b>1.35</b>	<b>1.52</b>	<b>1.58</b>
Interest and Finance Charges	0.33	1.06	1.18	1.09
<b>OPBT</b>	<b>0.17</b>	<b>0.29</b>	<b>0.34</b>	<b>0.49</b>
Non Operating Income(Expenses)	0.01	0.01	0.01	0.01
<b>PBT</b>	<b>0.18</b>	<b>0.30</b>	<b>0.35</b>	<b>0.50</b>
Provision for Taxes	0.00	0.09	0.11	0.15
PAT(Continuing Operations)	0.18	0.21	0.24	0.35
<b>PAT</b>	<b>0.18</b>	<b>0.21</b>	<b>0.24</b>	<b>0.35</b>

**Annexure – II**  
**Aee Vee Textiles**  
**Balance Sheet**

<b>Crores</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>
<b>Liabilities</b>	<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>EQUITY AND RESERVES</b>	<b>0.24</b>	<b>1.42</b>	<b>1.62</b>	<b>1.93</b>
Share capital	0.06	1.09	1.09	1.09
Reserves and Surplus	0.18	0.33	0.54	0.84
<b>Non-current liabilities</b>	<b>6.46</b>	<b>9.83</b>	<b>9.07</b>	<b>8.30</b>
Long-Term Borrowings	6.46	9.83	9.07	8.30
<b>Current liabilities</b>	<b>4.39</b>	<b>4.07</b>	<b>4.10</b>	<b>4.12</b>
Short-Term Borrowings	1.03	3.00	3.00	3.00
Current Portion Of Long Term Debt	0.00	0.77	0.77	0.77
Trade Payables	3.35	0.28	0.30	0.32
Other Current Liabilities	0.00	0.02	0.02	0.02
Short-Term Provisions	0.01	0.01	0.01	0.01
<b>Total Liabilities</b>	<b>11.09</b>	<b>15.32</b>	<b>14.79</b>	<b>14.35</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>8.94</b>	<b>8.36</b>	<b>7.23</b>	<b>6.26</b>
Net Fixed assets	8.94	8.36	7.23	6.26
<b>Current assets</b>	<b>2.15</b>	<b>6.97</b>	<b>7.55</b>	<b>8.08</b>
Current Investments	0.00	0.01	0.02	0.02
Inventories	0.90	0.95	1.00	1.05
Trade Receivables > Six Months	0.00	0.00	0.00	0.00
Trade Receivables < Six Months	1.08	5.73	6.22	6.62
Cash and Cash Equivalent	0.05	0.07	0.09	0.11
Short-Term Loans and Advances	0.11	0.09	0.10	0.15
Other Current Assets	0.02	0.13	0.13	0.14
<b>Total Assets</b>	<b>11.09</b>	<b>15.32</b>	<b>14.79</b>	<b>14.35</b>

**Annexure – III**  
**Aee Vee Textiles**  
**Key Financial Ratios**

<b>Crores</b>	<b>Unit</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
		<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Total Debt</b>	<b>Crores</b>	<b>7.49</b>	<b>13.60</b>	<b>12.83</b>	<b>12.07</b>
Total Debt ( Analyzed)	Crores	4.79	9.10	8.33	7.57
<b>Tangible Net Worth</b>	<b>Crores</b>	<b>0.24</b>	<b>1.42</b>	<b>1.62</b>	<b>1.93</b>
Tangible Net Worth (Analyzed)	Crores	2.94	5.92	6.12	6.43
Capital Employed	Crores	7.73	15.02	14.46	14.00
<b>Total Debt/TNW</b>	<b>Times</b>	<b>31.54</b>	<b>9.60</b>	<b>7.90</b>	<b>6.25</b>
Total Debt/TNW(Analyzed)	Times	1.63	1.54	1.36	1.18
Long Term Debt/TNW	Times	27.20	6.94	5.58	4.30
<b>TOL/TNW</b>	<b>Times</b>	<b>30.51</b>	<b>5.58</b>	<b>4.41</b>	<b>3.33</b>
<b>ISCR</b>	<b>Times</b>	<b>3.64</b>	<b>2.51</b>	<b>2.24</b>	<b>2.33</b>
ISCR(Analyzed)	Times	3.64	2.51	2.24	2.33
<b>DSCR</b>	<b>Times</b>	<b>1.36</b>	<b>1.83</b>	<b>1.31</b>	<b>1.29</b>
DSCR(Analyzed)	Times	3.66	0.93	1.24	1.23
<b>Net Cash Accruals/Total Debt</b>	<b>Times</b>	<b>0.12</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>
Net Cash Accruals/Long Term Debt	Times	0.14	0.15	0.15	0.16
Net Cash Accruals/Long Term Debt( Analyzed)	Times	0.24	0.28	0.30	0.35
<b>Net Profit Margin</b>	<b>%</b>	<b>1.26</b>	<b>1.37</b>	<b>1.48</b>	<b>1.99</b>
<b>Operating Profit Margin</b>	<b>%</b>	<b>8.66</b>	<b>17.41</b>	<b>16.22</b>	<b>14.71</b>
<b>ROCE</b>	<b>%</b>	<b>6.48</b>	<b>10.32</b>	<b>10.32</b>	<b>11.14</b>
<b>Current Ratio</b>	<b>Times</b>	<b>0.49</b>	<b>1.71</b>	<b>1.84</b>	<b>1.96</b>
Current Ratio(Analyzed)	Times	0.49	1.71	1.84	1.96
<b>Days Receivables</b>	<b>Days</b>	<b>28</b>	<b>81</b>	<b>134</b>	<b>135</b>
<b>Days Inventory</b>	<b>Days</b>	<b>26</b>	<b>21</b>	<b>26</b>	<b>26</b>
<b>Days Payable</b>	<b>Days</b>	<b>95</b>	<b>6</b>	<b>8</b>	<b>8</b>
<b>Conversion Cycle</b>	<b>Days</b>	<b>-41</b>	<b>97</b>	<b>152</b>	<b>152</b>

**( As Per BWR Calculatiions)**