

## Rating Report

### Brickwork Ratings assigns ‘BWR B+’ for the Bank Loan Facilities aggregating ₹ 6.50 Cr of Aekays

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Aekays (*the concern*):

Facility (Existing)	Tenure	Amount (₹ Cr)	Rating
Fund Based Cash Credit	Long Term	6.50	<b>BWR B+</b> (BWR B Plus )  <b>Outlook: Stable</b>
<b>Total</b>		<b>6.50</b>	<b>(INR Six Crores &amp; Fifty Lakhs only)</b>

BWR has principally relied upon the audited financial results upto FY13, provisional key financials of FY 14, projected financials of FY15, publicly available information and information/clarifications provided by the concern.

The ratings reflect the experienced management and the established relationships with suppliers and customers. The ratings are, however, constrained by the concern’s small scale of operations, declining revenues, below average financial risk profile marked by low profitability, small net-worth and high gearing, volatility in raw material prices and intense competition from unorganized players in this industry.

#### Background:

Aakeys is a proprietorship concern, founded by Late Sri.A.K.Nair, which is engaged in manufacturing of cotton knitted and woven garments since 1984. The factory is located at Tirupur and the registered office is at Mumbai. It commenced operations with 13000 pieces per month and later increased the capacity to 1,50,000 pieces per month with an installed capacity of 140 imported stitching machines. The group has three manufacturing units with two units at Tirupur and one at Bangalore.

The manufacturing facility at Tirupur is engaged in Sweater (knitwear) production and the second unit is into Sampling. In 2009, the manufacturing facility was started at Bangalore with an annual

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

production capacity of 240000 pieces for knitwear/woven garments production. The main customers are Westside, Max(life style stores),Lee cooper, Magnet etc.

### Management Profile:

The proprietrix is Smt .Saraswathy Nair (wife of Late Sri AK Nair). The day to day activities of the concern are managed by her son, Sri V.Rajendran.

### Financial Performance:

Aekays reported a profit after tax (PAT) of ₹0.49 Cr on net sales of ₹16.25 Cr for FY 13 as against profit after tax (PAT) of ₹0.44 Cr on net sales of ₹17.77 Cr for FY 12. Net Profit Margin has improved to 3.01% in FY13 as against 2.44% in FY12. Tangible net worth stood at ₹2.78 Cr. in FY13 as compared to ₹2.30 Cr in FY12. Current ratio was maintained at 1.09 times in FY13. Total debt to net worth ratio as at FY 13 has increased to 3.07 times compared to 2.95 times in FY 12. On a provisional basis, the concern has reported decreased sales to the extent of Rs.9.19 Crs approx. for FY 14, on account of its inability to execute orders in time due to shortage of working capital funds and general economic recession.

### Rating Outlook

Currently, the outlook of the concern remains stable. Going forward, the ability of the concern to expand its scale of operations, increase profitability margins, improve its networth, retain existing reputed clientele and manage its working capital efficiently would be the key rating sensitivity factors.

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**Annexure I: Profit and Loss account of Aekays (Rs in Cr)**

<b>₹ Crores</b>	<b>31/Mar/2011</b>	<b>31/Mar/2012</b>	<b>31/Mar/2013</b>
<b>Result Type</b>	Audited	Audited	Audited
<b>Net Sales</b>	<b>24.52</b>	<b>17.77</b>	<b>16.25</b>
Other Operating Income	0.21	0.16	0.05
<b>Total Operating Income</b>	<b>24.73</b>	<b>17.93</b>	<b>16.30</b>
<b>Operating Expenses</b>	<b>23.93</b>	<b>17.02</b>	<b>15.26</b>
<b>OPBDIT</b>	<b>0.80</b>	<b>0.91</b>	<b>1.04</b>
Depreciation/Amortization/Impairment	0.30	0.23	0.20
<b>OPBIT</b>	<b>0.50</b>	<b>0.68</b>	<b>0.84</b>
Interest and Finance Charges	0.39	0.63	0.69
<b>OPBT</b>	<b>0.10</b>	<b>0.05</b>	<b>0.15</b>
Non Operating Income(Expenses)	0.34	0.38	0.34
<b>PBT</b>	<b>0.45</b>	<b>0.44</b>	<b>0.49</b>
Provision for Taxes	0.00	0.00	0.00
<b>PAT</b>	<b>0.45</b>	<b>0.44</b>	<b>0.49</b>

## Annexure II: Balance Sheet of Aekays (Rs in Crs)

<b>Balance Sheet</b>			
<b>₹ Crores</b>	<b>31/Mar/2011</b>	<b>31/Mar/2012</b>	<b>31/Mar/2013</b>
<b>Liabilities</b>			
<b>EQUITY AND RESERVES</b>	<b>1.67</b>	<b>2.30</b>	<b>2.78</b>
Capital	1.22	1.87	2.29
Reserves and Surplus	0.45	0.44	0.49
<b>Non-current liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Long-Term Borrowings	0.00	0.00	0.00
Deferred tax Liabilities (Net)	0.00	0.00	0.00
<b>Current liabilities</b>	<b>10.62</b>	<b>6.80</b>	<b>8.53</b>
Short-Term Borrowings	4.22	4.03	5.00
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	1.19	1.35	1.71
Other Current Liabilities	5.21	1.42	1.81
<b>Total Liabilities</b>	<b>12.28</b>	<b>9.10</b>	<b>11.30</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>2.13</b>	<b>2.16</b>	<b>1.99</b>
Net Fixed assets	1.41	1.44	1.27
Non-Current Investments	0.72	0.72	0.72
<b>Current assets</b>	<b>10.15</b>	<b>6.94</b>	<b>9.32</b>
Current Investments	0.00	0.00	0.00
Inventories	2.88	2.70	5.39
Trade Receivables < Six Months	1.86	2.05	2.08
Cash and Cash Equivalent	2.79	0.62	0.05
Short-Term Loans and Advances	2.39	1.35	1.52
Other Current Assets	0.23	0.22	0.28
<b>Total Assets</b>	<b>12.28</b>	<b>9.10</b>	<b>11.30</b>