

Rating Report

Brickwork Ratings assigns the Long term fund based ratings as ‘BWR B+’ for the Bank Loan Facilities amounting to ₹ 17.50 Crores of Avadh Fibers Private Limited .

Brickwork Ratings has assigned the Long term fund based **Ratings¹** for the Bank Loan Facilities of Avadh Fibers Private Limited (AFPL), amounting to ₹ 17.50 Crores from Dena Bank as follows:

Facility	Limit (₹ Crs)	Tenure	Rating
Fund Based			
Cash Credit(Hyp)	17.50	Long-Term	BWR B+ <i>(Pronounced BWR B Plus)</i> <i>Outlook:Stable</i>
Total	17.50	INR Seventeen Crores and fifty Lacs only	

BWR has essentially relied upon the audited financial results up to FY15 and projected financial of FY16, publicly available and information provided by the company’s management.

The rating inter alia, factors the experience of the promoters extensive experience in cotton industry, consistent growth in revenue with modest scale of operations, easy availability of raw materials and unit's favorable location. The rating is, however, constrained by weak financial risk, weak debt protection and low profit margins.

Background:

Avadh Fibers Private Limited (AFPL) was established in August 2008 and started commercial production in January 2010. The factory is located at Rajkot, Gujarat. The business is promoted by Girdharbhai G Vekriya, Mr. Amit Vekriya and other family members. The company is engaged in Cotton ginning, pressing and cotton seed crushing to produce cotton bales cotton seed oil and cake. The company has therefore installed 30 ginning machines and 4 crushing machines with an installed capacity of 300 cotton bales per day and 50 MT of cotton seed oil per day.

Financial Performance:

During FY15, firm's net revenue was ₹ 154.42 Crores and PAT was ₹ 0.16 Crores against net revenue of ₹ 143.23 Crores and PAT of ₹ 0.16 Crores in FY14. The Operating profit margins and Net profit margins were 1.66 % and 0.10 % respectively.

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

Further the current ratio of 1.43x and conversion cycle at 58 days signifies that the company has moderate liquidity position and total debt to tangible net worth at 4.06x signifies that the firm has low debt protection.

Rating Outlook:

The company's performance over the next year is expected to be stable. Going forward, the Company's ability to maintain and increase its scale of operations, increase its profitability, improve margins and improve the leverage will remain the key rating sensitivities.

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Avadh Fibers Private Limited
Annexure – I
Profit and Loss Account

Crores	31/Mar/2013	31/Mar/2014	31/Mar/2015
Result Type	Audited	Audited	Audited
Gross Sales	95.89	143.23	154.42
Net Sales	95.89	143.23	154.42
Total Operating Income	95.89	143.23	154.42
Operating Expenses	93.33	140.85	151.85
OPBDIT	2.56	2.38	2.57
Depreciation/Amortization/Impairment	0.57	0.52	0.52
OPBIT	1.99	1.86	2.05
Interest and Finance Charges	1.96	1.71	2.07
OPBT	0.03	0.15	-0.02
Non Operating Income(Expenses)	0.21	0.08	0.27
PBT	0.24	0.23	0.25
Extraordinary/Prior Period - Income(Expense)	0.00	0.01	0.00
Provision for Taxes	0.07	0.08	0.09
PAT	0.17	0.16	0.16

Avadh Fibers Private Limited
Annexure – II
Balance Sheet

Crores	31/Mar/2013	31/Mar/2014	31/Mar/2015
Liabilities			
Equity and Reserves	4.78	4.89	5.65
Share capital	2.35	2.35	2.95
Reserves and Surplus	2.43	2.54	2.70
Non-current liabilities	3.35	6.81	5.48
Long-Term Borrowings	3.35	6.77	5.47
Deferred tax Liabilities (Net)	0.00	0.04	0.01
Current liabilities	15.16	19.27	17.75
Short-Term Borrowings	13.95	18.99	17.44
Trade Payables	1.07	0.09	0.14
Other Current Liabilities	0.07	0.08	0.05
Short-Term Provisions	0.07	0.10	0.13
Total Liabilities	23.29	30.97	28.88
Assets			
Non-current assets	4.36	3.96	3.42
Net Fixed assets	4.22	3.73	3.21
Non Current Investments	0.03	0.03	0.03
Long Term Loans and Advances	0.11	0.20	0.18
Current assets	18.93	27.01	25.45
Inventories	15.38	23.66	22.74
Trade Receivables > Six Months	0.11	0.18	0.19
Trade Receivables < Six Months	0.33	0.19	1.13
Cash and Cash Equivalent	2.77	2.82	1.18
Short-Term Loans and Advances	0.28	0.12	0.13
Other Current Assets	0.05	0.05	0.08
Total Assets	23.29	30.97	28.88

Avadh Fibers Private Limited
Annexure – III
Key Financial Ratios

Crores	31/Mar/2013	31/Mar/2014	31/Mar/2015
Long Term Borrowings	3.35	6.77	5.47
Short Term Borrowings	13.95	18.99	17.44
Current Portion Of Long Term Debt	0.00	0.00	0.00
Total Debt	17.29	25.76	22.91
Tangible Net Worth	4.78	4.89	5.65
Capital Employed	22.08	30.69	28.57
Total Debt/TNW	3.62	5.27	4.06
Long Term Debt/TNW	0.70	1.39	0.97
TOL/TNW	3.29	4.01	3.14
ISCR	1.30	1.40	1.24
DSCR	1.38	1.09	0.91
Net Cash Accruals/Total Debt	0.04	0.03	0.03
Net Cash Accruals/Long Term Debt	0.22	0.10	0.12
Net Profit Margin	0.18	0.11	0.10
Operating Profit Margin	2.67	1.66	1.66
ROCE	9.01	7.05	6.91
Current Ratio	1.25	1.40	1.43
Days Receivables	1.66	1.02	1.99
Days Inventory	60.52	50.76	55.87
Days Payable	3.92	1.37	0.16

(As per BWR Calculations)