

October 16, 2015

Facilities	Amount (Rs. Crore)	Rating
Proposed Cash Credit	25.00	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (read as **SMERA B**) to the Rs.25.00 crore proposed bank facilities of Avanti Mills Workers Industrial Co-operative Limited (AMWICL). The outlook is '**Stable**.' The rating is constrained by the firms weak financial risk profile, working capital intensive nature of operation and Continuous capex resulting in negative cash flows. However, the rating draws comfort from the experienced management and integrated operations resulting in healthy operating margins.

Rating Sensitivity

- Effective working capital management
- Ability to generate cash flows for servicing of debt

Outlook:Stable

SMERA believes that AMWICL will continue to benefit over the medium term from the promoters vast experience in textile industry. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in the area of operation

About the Company

Avanti Mills Worker Industrial Co-operative Limited (AMWIL) was established in the year 2004 as a co-operative society in Indore. The Society operates with a industrial unit under the name Avanti Textile Mills (ATM). ATM is engaged in in ginning, manufacturing of cotton yarn knitting and sale of cotton seed oil.

For FY2014–15, ATM reported profit after tax (PAT) of Rs.0.71 crore on net operating income of Rs.29.10 crore, as compared with PAT of Rs.0.56 crore on operating income of Rs. 15.28 crore in the previous financial year.

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