

### Avis India: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	9.20	SMERA BB+/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the above mentioned bank facility of Avis India (Avis). The outlook is '**Stable**'.

The rating draws comfort from the established track record of operations, experienced management, healthy financial risk profile and healthy order book position. However, the rating is constrained by the moderate scale of operations, working capital intensive business and intense market competition. The rating also factors in the high dependence on government orders and proprietorship constitution of the firm.

The Pune-based Avis India was established as a proprietorship concern in 1997 by Mr. Vijay Kulkarni. The firm undertakes civil construction work such as setting up of factories and water treatment plants in Maharashtra for the sugar industry. The firm benefits from its experienced management. Mr. Vijay Kulkarni possesses three decades of experience in the civil construction business. Avis India has a healthy financial risk profile marked by gearing of 1.28 times as on March 31, 2016 (provisional) and interest coverage ratio of 2.43 times in FY2016. Avis India has healthy order book position with unexecuted orders in hand of approximately Rs.32.72 crore as on 31 March 2016, providing revenue visibility for the next one year.

However, Avis India operates on a moderate scale with revenue of Rs.49.02 crore in FY2016 (provisional) as against Rs.37.27 crore in FY2015. The firm has registered revenues of ~Rs.17.70 crore from April 2016 to August 2016. The operations of the firm are working capital intensive as reflected in the gross current asset days of 135 for FY2016 (provisional). The average bank limit utilisation for the six months ended August 2016 stands at 98.80 percent. The firm caters only to the sugar industry. The business risk profile remains exposed to intense competition in the civil construction business and end-user sugar industry. Further, the proprietor constitution of the firm has inherent risk of capital withdrawal.

### Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Efficient working capital management
- Timely completion of projects

### Outlook-Stable

SMERA believes that Avis India will maintain a stable outlook over the medium term owing to its experienced management, moderate financial risk profile and healthy order book position. The outlook may be revised to 'Positive' in case the firm registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing pressure on margins.

## About the Firm

The Pune-based Avis India was established as a proprietorship concern in 1997 by Mr. Vijay Kulkarni. The firm is engaged in the setting up of sugar factories and water treatment plants for the sugar industry in Maharashtra.

For FY2015-16 (provisional), Avis India reported net profit of Rs.2.55 crore on operating income of Rs.49.02 crore, as compared with profit after tax (PAT) of Rs.1.94 crore on operating income of Rs.37.27 crore in FY2014-15.

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## ABOUT SMERA

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