

## Rating Rationale

### Brickwork Ratings on a review Upgrades long term rating & Reaffirms short term rating for Bank Loan facilities aggregating ₹ 23 Cr of AAA Paper Marketing Ltd.

On a review, Brickwork ratings (BWR) has *upgraded* the following Long Term **Rating<sup>1</sup>** and *reaffirmed* Short Term Rating for Bank loan facilities aggregating to ₹ 23Cr of AAA Paper marketing Pvt Ltd (The Company), as under.

Facility	Limit (₹ Cr)	Tenure	Previous Ratings	Ratings on Review
<b>Fund Based</b> Cash credit	<b>23.00</b>	<b>Long Term</b>	BWR B- (Pronounced as BWR Single B Minus)  Outlook: Stable	<b>BWR B</b> (Pronounced as BWR Single B)  <b>Outlook: Stable</b>
<b>Non Fund Based</b> ILC/FLC *	(12.00)	<b>Short Term</b>	BWR A4 (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four)
<b>Total</b>	<b>23.00</b>	<b>INR Twenty Three Crores Only</b>		

\*The Company has Inland Letter of Credit sub limit of Rs.12Cr

BWR has essentially relied upon audited financial results up to FY15, projected financials for FY16 & FY17, publicly available information and information provided by the management.

The rating is primarily constrained by above average financial risk marked by high leveraged capital structure with weak coverage ratios, working capital intensive nature of business leading to almost full utilization of facilities availed, thin margins due to trading nature of business the rating is also constrained by intense competition and risk of foreign exchange rate fluctuations.

The rating, however, factors Promoters extensive experience in the business, improved revenues from operations in FY 15 and meeting fund requirements by liquidating investments and resulting in increased focus on core business in FY 15.

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

**Financials:**

AAA Paper Marketing Pvt. Ltd.’s net revenue from operations have improved from ₹ 111.19 Cr in FY14 to ₹ 148.08 Cr in FY15. In FY15, the Company reported an operating profit margin of 2.40%.

**Rating Outlook:**

The outlook is expected to be stable over the current year. Going forward the ability of the Company to sustain its revenue growth, manage its working capital efficiently, improve its financial risk profile and sustain liquidity position will be the key rating sensitivities.

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