

Rating Rationale

Brickwork Ratings upgrades the long term rating and reaffirms the short term rating for the enhanced bank loan facilities aggregating ₹ 28.50 Cr (as against earlier rated amount of ₹ 23 Cr) of AAA Paper Marketing Ltd.

Brickwork Ratings (BWR) has upgraded the following long term **Rating**¹ and reaffirmed the short term rating for their existing Bank Loan Facilities of AAA Paper Marketing Ltd (AAPML or the 'Company') as mentioned below:

Facility	Tenor	Previous Amount (₹ Cr)	Previous Rating	Current Limits (₹ Cr)	Rating Assigned
Fund Based (FB) CC	Long Term	23.00	BWR B Outlook:Stable Pronounced as B	28.50	BWR BB- (Upgrade) Outlook:Stable Pronounced as Double B Minus
Non Fund Based (NFB) Letter of Credit*	Short Term	(12.00)	BWR A4 Pronounced as A Four	(12.00)	BWR A4 (Reaffirm) Pronounced as A Four
Total Limits		23.00	INR Twenty Three Crores only	28.50	INR Twenty Eight Crores and Fifty Lakhs only

*LC is the sublimit of CC

BWR has essentially relied upon the audited financial results up to FY16, projections till FY18, publicly available information and information/clarifications provided by the management. The rating factors in, interalia, experience of the directors, moderate debt protection metrics, substantial Y-o-Y growth in revenues, improving net worth of the company Y-o-Y and adequate margins. However, the rating is constrained by regulatory risks associated with the sector, intense competition from other reputed players and risks of foreign exchange fluctuations.

Background:

AAA Paper Marketing Ltd was incorporated in June 1995. The company is engaged in the trading of imported and indigenous waste paper. Mr. Apurve Goel is the key promoter in the company who also manages the entire operations of the company. AAPML also imports special waste paper from various countries depending on the requirement of the customers.

Financial Performance:

During FY16, AAPML achieved a Total Operating Income (TOI) of Rs. 172.95 crore with a Profit after Tax (PAT) of Rs. 0.30 crore as against TOI of Rs. 148.08 crore with a PAT of Rs.0.30 crore during FY15. The company reported Tangible Net worth of Rs 48.22 crore in FY16.

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

Rating Outlook

Performance of AAPML over the next one year is expected to be stable. Going forward, ability of the company to improve its scale of operations, profitability, cash accruals to repay debt obligations on a continuous basis, managing working capital and foreign exchange fluctuation risks will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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