



Rating Rationale

AUM Packaging

31 Jan 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.95 Crores of AUM Packaging.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Term Loan Cash Credit	2.60 4.90	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Non Fund Based: Bank Guarantee L/C*	0.45 (0.75)	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	7.95	INR Seven Crores and Ninety Five Lakhs Only Only	

*Within the sublimit of CC

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR BB' with "Outlook: Stable" to the bank loan facilities aggregating Rs.7.95 Crores of AUM PACKAGING ('AUMP', or 'the firm').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the Firm up-to FY18, projections up-to FY20 and publicly available information and information/clarifications provided by the management.

The Rating draws strength from extensive experience of the promoters, moderate liquidity position, diversified customer base, subsidy and grants available. The ratings are however constrained by relatively moderate scale of operations, fragmented & competitive nature of the industry and inherent limitations of the firm's constitution.

Going forward, ability of the the Firm to scale up its operations while improving its profit margins and to improve the gearing ratio would remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of Partners:** The partners of the firm have a long standing experience and good knowledge of the business.
- **Y-O-Y growth in business-** The firm has shown good growth with turnover improving from Rs. 10.62 crs in FY17 to Rs. 22.84 crs in FY18.
- **Favourable Ratios:** ISCR & DSCR of the company are comfortable at 2.49 & 1.34 respectively.
- **Good Customer Base:** The firm has good relationship with its customers and suppliers. Its customer list include reputed clients like Emami, Bisleri, Bailey etc.

Credit Risks:

- **Moderate Turnover:** The turnover of the firm remains moderate at Rs. 22.84 crs in FY18.
- **High Gearing:** Gearing of the firm stands at 2.50 times but when adjusted with unsecured loans from friends and relatives it stands at 1.63 times in FY18.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes that **AUM Packaging's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm:

Established in 2013, M/s Aum Packaging is a partnership firm engaged in the manufacturing of Pet Preform and Pet Bottles. The registered office of the Firm is located at Guwahati, Assam. The manufacturing facility is located at Pacharia, Kamrup, Assam with an installed capacity of 144000 kg p.a. of pet bottles and 1552300 kg p.a. of pet preform. The major raw material is procured from suppliers including Reliance Petrochemical Ltd and Dhunseri Petrochemical Ltd through their depots locally. The

power arrangement for the manufacturing unit is procured from Assam State Electricity Board. The Firm benefits from the subsidies including income tax exemption, transport subsidy, grant from NEC etc.

Firm's Financial Performance:

As per the audited financials of FY18, the firm has reported total operating income of ₹ 22.84 Crores against ₹ 16.31 Crores in FY17. The operating profit margin of the firm stood at 9.09% in FY18 as against 8.82% in FY17. Tangible Net Worth has improved from ₹ 3.06 crores in FY17 to Rs. 3.65 crs in FY18. As informed by the management, the firm has achieved a turnover of Rs. 25.86 crores till Dec 18 for FY18-19.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	22.84	16.31
EBITDA	₹ Cr	2.12	1.45
PAT	₹ Cr	0.95	0.80
Tangible Net worth	₹ Cr	3.65	3.06
Total Debt/Tangible Net worth	Times	2.50	2.48
Current Ratio	Times	1.38	1.41

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term*	7.30	BWR BB (Pronounced as BWR Double B) Outlook: Stable	NA	NA	NA
2.	Non Fund Based	Short Term	1.20*	BWR A4 (Pronounced as BWR A4)	NA	NA	NA
	Total		7.95	₹ Seven Crores and Ninety Five Lakhs Only			

* Including L/C of Rs. 0.75 crs as sublimit of CC



Status of non-cooperation with previous CRA (if applicable)-Reason and comments
 Any other information

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media	
<p><i><u>K. Venkateswara Raju</u></i> <i><u>Associate Director - SME & Vendor Gradings</u></i></p> <p>analyst@brickworkratings.com</p>	<p>media@brickworkratings.com</p> <th data-bbox="808 892 1443 934">Relationship Contact</th> <p>bd@brickworkratings.com</p>	Relationship Contact
<p>Phone: 1-860-425-2742</p>		

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



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