



## Rating Rationale

Aadhar Industries

7 November, 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 9.57 Crs of Aadhar Industries ('AI' or the 'Firm')

### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<u>Fund Based</u> Term Loan Cash Credit	7.07 2.50	Long Term	<b>BWR B+</b> (Pronounced As BWR B Plus ) Outlook:(Stable)
<b>Total</b>	<b>Rs 9.57 Crores (Rupee Nine Crore Fifty Seven Lakhs Only)</b>		

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating assigned

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the provisional financial of FY 17, projections up-to FY19 and publicly available information and information/clarifications provided by the management.

The rating derives strength from the experience of the partners in cement manufacturing industry, use of technologically advanced machinery, comfortable debt protection metrics and liquidity position. The rating is however constrained by moderate scale of operations, working capital intensive nature of operation, low net worth and highly competitive nature of industry with dependency on the real estate sector. Going forward, the Firm's ability to improve its top-line, bottom-line, profitability margins, stabilize the business and meet the projections will remain the key rating sensitivities.

#### Rating Outlook: Stable

BWR believes the Aadhar Industries'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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

## Key Rating drivers

### Credit strengths

- **Experience of promoters:** The promoters have good experience in the industry. They are also involved in other group concern working in the same line of business.
- **Comfortable debt protection metrics:** Debt protection metrics stands moderate in FY 17, ISCR being 3.34x times and DSCR being 2.71x times.
- **Liquidity Position:** Liquidity position also stands moderate, reflected by current ratio of 1.73x Times.

### Credit Weaknesses

- **Modest scale of operation:** The Firm has started its commercial operation in July 2016. The scale of operation is expected to grow in FY 18.
- **Competition:** Being highly fragmented industry it has intense competition from established players and is highly dependent on the real estate sector which has not grown at a significant level resulting to the less positive outlook.
- **Partnership concern:** There is inherent risk involved in the partnership concern wherein any significant capital withdrawal may lead an adverse capital structure.

## About the Company

AI, established in 2010 as a partnership concern, based out of Guwahati, Assam. The Firm is engaged in manufacturing of cement and the unit is located in Bamungaon Village, Assam. The Firm started its commercial production in July 2016. The current installed capacity is 90,000 MTPA. Raw material is easily available locally and the finished product would be sold in packs of HDPE bags of 50Kg. Pankaj Agarwala, Pawan Kumar Agarwala, Ganesh Sharma, Shiwaji Pd Jaiswal, RGA Infra Industries Pvt Ltd shares are the promoter/ partner who shares profit in ratio 20:20:15:35:10. The operation and decision making is looked after by Mr. Ganesh Sharma. Mr. Pankaj Agarwala, Pawan Kumar Agarwala and Shiwaji Pd Jaiswal participate in the distribution and selling .

## Financial Performance

	FY 17 ( Provisional)	FY 16
Net Sales/ Revenues (Rs. Cr)	9.37	-
EBIDTA (Rs. Cr)	3.71	-
PAT (Rs. Cr)	1.14	-



<b>Tangible Networth (Rs. Cr)</b>	<b>4.79</b>	-
<b>Total Debt : TWN (Times)</b>	<b>2.76</b>	-
<b>Current Ratio (Times)</b>	<b>1.73</b>	-

As per the provisional financial of FY 17, the Firm has reported a sale of Rs.9.37 Crs. PAT was reported at Rs.1.14 Crs .The net worth of the Frim stood at Rs. 4.79 Crs.

**Rating History for the last three years:**

Sl No	Instrument/ Facility	Current Rating (September, 2017)			Rating History	
		Type	Amount (Rs. Crs)	Rating	2016	2015
1.	Fund Based	Long Term	9.57	BWR B+ (Outlook: Stable)	-	-
Total			9.57	(Nine Crores Fifty Seven Lakhs Only)		

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Hyperlink/Reference to applicable Criteria:**

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies

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**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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**Aadhar Industries**  
**Bank Facilities**



**Annexure I**

<b>Nature of all facilities</b>			<b>( Rs in Crs )</b>
<b>Bank Name</b>	<b>Facilities</b>	<b>Sanctioned Limits</b>	<b>Amount to be Rated</b>
Canara Bank	Term Loan	8.00	7.07
	Cash Credit	2.50	
	(ODBD)*	(0.90)	2.50
	<b>Total ( Nine Crores Fifty Seven Lakhs Only )</b>		<b>9.57</b>

\*ODBD is sanctioned as a sublimit of Cash Credit