Rating Rationale

Brickwork Ratings reaffirms 'BWR BBB-' and 'BWR A3' Ratings for Bank Loan facilities aggregating to ₹ 11.50 Cr of Adventec Polymers Private Limited

Brickwork Ratings (BWR) has reaffirmed the **Ratings**[1] for Bank Loan facilities of Adventec Polymers Private Limited (APPL or 'the Company') *as follows:*

Facility	Amount in Cr		Tenure	Present Rating	Previous Rating (January 2015)
	Previous Limits	Present Limits			
Fund Based*	5.00	**7.00**	**Long Term**	**Reaffirmed at BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable**	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable
Non Fund Based*	1.75	**4.50**	**Short Term**	**Reaffirmed at BWR A3 (Pronounced BWR A Three)**	BWR A3 (Pronounced BWR A Three)
Total	6.75	**11.50**	**INR Eleven Crores and Fifty Lakhs only**		

Present Banker: ICICI Bank
***Break-up of loans in Annexure I**

BWR has essentially relied upon the audited financial results of APPL upto FY15, provisional financials of FY16 and projected financial statements of FY17 & FY18, and information/clarifications provided by the Company's management.

The ratings continue to draw strength from extensive experience of the promoters, established marketing and distribution channels, established brand position of Ori-Plast in the northern and eastern regions of the country, growth in revenue, improvement in capacity utilization and a letter of comfort from Ori-Plast Limited assuring both financial and strategic support to APPL. Further, addition of new products such as MDPE Gas Pipes and PERT Plumbing Pipes, to the portfolio is expected to drive the sales growth of the Company. The ratings also factor in comfortable debt protection metrics. However, the rating is constrained by modest scale of operations, low tangible net worth and profitability susceptible to fluctuation in raw material prices.

Background:
Incorporated in 2007, APPL is promoted by Mrs. Anita Agarwal, Mrs. Rekha Agarwal, Mr.

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

Harshvardan Agarwal and Mr. Kailash Chand Agarwal. It manufactures PVC Pipes, HDPE Pipes,MDPE Gas Pipes & Fittings etc. The Company is a part of the Ori-Plast Group. The products are marketed under the brand name of "Ori-Plast" and the same distribution channels are used. The manufacturing facility is located in Behror, Rajasthan, with an installed capacity for PVC/ASTM/SWR pipes of 4700 MTPA and for HDPE Pipes & MDPE Gas Pipes and PVC/ASTM/ SWR fittings it is 3000 MTPA and 300 MTPA respectively.

Financial Performance:
As per audited financial statements for FY15, APPL reported Total Operating Income of Rs. 31.85 Crores against Rs. 25.97 Crores in FY14. In FY15, the Company reported Net Profit of Rs. 0.40 Crore against Rs. 0.39 Crore in FY14.

Further, as per provisional information provided by the Company's management, APPL has reported total operating income of Rs. 40.32 Crores in FY16.

Rating Outlook:
The outlook is expected to be stable in the current year. Going forward, the continued support from Ori-Plast Ltd and the ability of the Company to improve its scale of operations, capacity utilization, profitability and tangible net worth will be the key rating sensitivities.

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Adventec Polymers Private Ltd

Break up of Loans
Annexure I

Facility	Type of facility	Previously Rated Limits (Rs Crs)	Existing Limits (Rs Crs)
Cash Credit	Fund Based	5.00	7.00
WCDL in INR/FC (Sub limit of CC)		-	(6.00)
Buyers Credit (Sub limit of LC)		-	(3.00)
Inland Bill discounting (Sub limit of CC)		-	(2.50)
Total Fund Based (I)		**5.00**	**7.00**
Letter of Credit	Non-Fund Based	1.75	4.00
Bank Guarantee (Sub limit of LC)		(0.50)	(2.00)
Counter BG (Sub limit of LC)		-	(0.50)
Derivative		-	0.50
Total Non-Fund Based (II)		**1.75**	**4.50**
Total (I + II)		**6.75**	**11.50**