

Rating Rationale

Agarwal & Associates Impex Pvt Ltd

9 Feb 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Agarwal & Associates Impex Pvt Ltd

Particulars

Facility	Tenure	Rated Amount	Rating Assigned
Cash Credit	Long Term	6.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Term Loan		1.74	
ILC/ FLC	Short Term	10.00	BWR A4 (Pronounced as BWR Single A Four)
ILG/ FLG/ BC		(7.50)	
Total		17.74	Rupees Seventeen Crore and Seventy Four Lakhs

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the company up to FY17, projections upto FY19, publicly available information and information/clarifications provided by the Company's management.

The ratings draw comfort from the experience of the Directors and niche product line. The rating is however constrained on account of moderate scale of operations, elongated conversion cycle, weak debt protection metrics, low profitability margins and high gearing.

Credit Strengths:

- **Experience of Directors:** The promoter-director of the company has an experience of more than a decade in the industry. He is further being supported by the second generation of the family who have also joined the company.
- **Niche Product line:** The company is in the business of manufacturing decorative ply and moulded doors.

Credit Weaknesses:

- **Moderate scale of operations:** The scale of operations of the company is moderate. Also there is inconsistency in the topline, as the topline has been at Rs. 46.55 Cr in FY15, which reduced to Rs. 37.23 Cr in FY16 and the same further increased to Rs, 49.64 Cr in FY17.

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- **Weak debt protection metrics:** The debt protection metrics, denoted by ISCR and DSCR have been on a lower level. The same have been recorded at 1.58 times 0.92 times respectively.
- **Low profitability margins:** The profitability margins are also low. The NPM & OPM have been recorded at 0.80% and 5.94% respectively in FY17 which have declined from FY16 level of 1.00% and 8.46%. The margins are low because of stiff competition from organized and unorganized players in the industry.

Rating Outlook: Stable

BWR believes the Agarwal & Associates Impex Pvt Ltd'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 Company

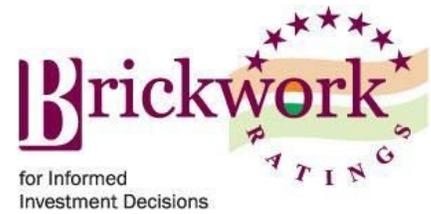
Agarwal & Associates Impex Pvt Ltd was incorporated as a Private Limited Company in 2005. The registered office of the company is in Noida, U.P. Mr. Ankur Agarwal & Mrs. Shalini Agarwal are the directors of the company. The company is in the business of manufacturing decorative ply and moulded doors. The products of the company are conforming to various BIS (Bureau of Indian Standards) standards.

Company Financial Performance

	Unit	FY16 (Aud.)	FY17 (Aud.)
Net Sales	Rs. in Cr	37.23	49.64
EBIDTA	Rs. in Cr	3.15	2.95
PAT	Rs. in Cr	0.37	0.40
Tangible Networkth	Rs. in Cr	4.79	5.69
Total Debt : TNW	Times	4.92	4.10
Current Ratio	Times	1.31	1.28

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Cash Credit	Long Term	6.00	BWR BB- Outlook : Stable	NA	NA	NA
2	Term Loan		1.74				
3	ILC/ FLC	Short Term	10.00	BWR A4	NA	NA	NA
4	ILG/ FLG/ BC		{7.50}				
			Rs. 17.74 Crores (Rupees Seventeen Crore and Seventy Four Lakhs)				



DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.