



Rating Rationale

Agarwal Industries Pvt Ltd (AIPL)

12th April 2018

Brickwork Ratings has reviewed the rating assigned to the Bank Loan Facilities of Rs. 350.92 Crores of Agarwal Industries Pvt Ltd (AIPL), based on best available information, as the issuer did not cooperate. Accordingly the rating for the said Bank Loan Facilities is revised to BWR D ISSUER NOT COOPERATING*

Particulars:

Facilities#	Amount (Rs Crs)	Amount (Rs Crs)	Tenure	Ratings [^]	
	Previous	Present #		Previous (6-Jan-2017)	Present
Fund based:					
Cash Credit	71.00	71.00	Long term	BWR D (Pronounced as BWR D)	BWR D ISSUER NOT COOPERATING* (Pronounced as BWR D) [Reaffirmed and Migrated to ISSUER NOT COOPERATING*]
SLC	4.92	4.92			
Non Fund based:					
Letter of Credit	245.00	245.00	Short term		
Bank Guarantee	30.00	30.00			
Total	350.92	350.92	INR Three Hundred and Fifty Crores and Ninety Two Lakhs Only		

*Issuer did not cooperate; Based on best available information.

Annexure I shows details of credit facilities

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

Rating Reaffirmed and migrated to ISSUER NOT COOPERATING* category

Nature of Non Cooperation:

The rating was due for an annual review in January 2018. Brickwork Ratings had taken up with the issuer to provide required information over emails and through telephone calls. Despite the best efforts of Brickwork Ratings to get at least the minimum required information for a review, the Company has not provided the same. Due to the continued lack of management cooperation and in the absence of adequate information from the issuer, Brickwork Ratings is unable to assess the issuer's financial performance and



its ability to service its bank loan obligations and maintain a valid rating. Hence, on account of inadequate information, lack of management cooperation and taking into account the banker feedback, Brickwork Ratings has reaffirmed the rating of the said bank loan facilities at **BWR D and migrated it to the ISSUER NOT COOPERATING*** category.

Limitations of the rating

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

About the Company

Agarwal Industries Pvt Ltd, Hyderabad, incorporated in 1980, is engaged in the manufacturing of edible oils. AIPL is owned by Hyderabad based Agarwal Group of Industries (founded in 1950) with diversified business interests in edible oil production, sponge iron and transmission of towers. AIPL's edible oil refinery is located at Kakinada port (A.P) with an installed capacity of 500 TPD. AIPL sells edible oils such as palm oil, sunflower oil, bakery shortening, fats and vanaspati under the flagship brand "Gold Mohar" in A.P. and other southern states.

Financial Performance

On a provisional basis, the company reported Net sales and Profit after Tax of Rs 1025.34 Crs and Rs 0.94 Crs respectively for FY16 as against Net sales and Profit after Tax of Rs 935.09. Crs and Rs 1.43 Crs for FY15.

Rating History for the last three years

Instrument/ Facility	Current Rating (2018)			Rating History		
	Tenure	Amount (Rs Crs)	Rating	6-Jan-2017 [^]	22-July-2016 [^]	20-Nov-2014 ^{^^}
Fund based:	Long term	75.92	BWR D ISSUER NOT COOPERATING* [Pronounced as BWR D] Reaffirmed and Migrated to ISSUER NOT COOPERATING*	BWR D Downgraded	BWR BB+ (Stable) Downgraded	BWR BBB- (Stable) Assigned
Non Fund based:	Short term	275.00			BWR A4+ Downgraded	BWR A3 Assigned
Total		350.92	INR Three Hundred and Fifty Crores and Ninety Two Lakhs Only			



* Issuer did not cooperate; Based on best available information

^Amount rated: Rs 350.92 Crs; ^^ Amount rated: Rs 274.92 Crs

Status of Non-Cooperation with other CRA: CRISIL Ratings had suspended its ratings on the bank facilities of Agarwal Industries Pvt Ltd vide their rating rationale dated 19th December 2014 on account of non-cooperation by AIPL with CRISIL's efforts to undertake a review of the ratings .

Any other information: Not Applicable.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [What Constitutes Non-Cooperation](#)
- [Approach to Financial Ratios](#)

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Agarwal Industries Pvt Ltd

Annexure I: Details of the Bank Loan facilities rated

Limits	Allahabad Bank	State Bank of India	Indian Bank	Lakshmi Vilas bank	Total
Fund based:					
Cash Credit	50.00	15.00	1.00	5.00	71.00
SLC	-	4.92	-	-	4.92
Total Fund based	50.00	19.42	1.00	5.00	75.92



Non Fund based:					
Letter of Credit	135.00	25.00	25.00	60.00	245.00
Bank Guarantee	-	-	-	30.00	30.00
Total Non- Fund based	135.00	25.00	25.00	90.00	275.00
Total Facilities rated	185.00	44.92	25.00	90.00	350.92

***As per information furnished to BWR in 2016**

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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, 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.

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.



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