

Rating Rationale

Agarwal Industries Pvt Ltd

6th January 2017

Brickwork Ratings revises ratings to BWR D for the Bank Loan Facilities amounting to Rs. 350.92 Crores of Agarwal Industries Pvt Ltd

Particulars

Facility Rated	Amount (Rs Crs)		Tenure	Ratings*	
	Previous Limits	Present Limits#		Previous July 2016	Present
Fund based: Cash Credit SLC	71.00 4.92	71.00 4.92	Long Term	BWR BB+ (Outlook: Stable)	BWR D [Pronounced BWR D] Downgraded
Non Fund based: Letter of credit Bank Guarantee	245.00 30.00	245.00 30.00	Short Term	BWR A4+	
Total	350.92	350.92	INR Three Hundred and Fifty Crores and Ninety Two Lakhs Only		

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

Ratings Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The account has been classified as a Non Performing Asset (NPA) by the Bankers (State Bank of India and Indian Bank) on account of the persisting liquidity issues of the company, stretched receivables position and irregularity in the bank accounts of the Company. Hence, the rating assigned to the bank loan facilities is downgraded to 'BWR D'.

About the Company

Hyderabad based Agarwal Industries Pvt Ltd, incorporated in 1980, is engaged in the manufacturing of edible oil. 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 oil such as palm oil, sunflower oil, bakery shortening, fats and vanaspati under the flagship brand “Gold Mohar” in A.P. and other southern states.

Company Financial Performance

The Company has been facing difficulties in debtors realization which has resulted in strained liquidity position. On a provisional basis, the company reported Net sales and Profit after Tax of Rs 1025.34 Crs and Rs 0.94 Crs respectively 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:

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	Date & Rating assigned in 2016	Date & Rating assigned in 2015	Date & Rating assigned in 2014
1.	Fund based	Long term	75.92	BWR D Downgraded	22 nd July 2016 Downgraded to BWR BB+ (Stable)	-	20 th Nov 2014 BWR BBB- (Stable);
2.	Non Fund based	Short term	275.00		22 nd July 2016 Downgraded to BWR A4+;	-	20 th Nov 2014 BWR A3

Hyperlink/Reference to Applicable Criteria:

[General Criteria](#)

[Approach to Financial Ratios](#)

[Manufacturing Companies](#)

[Default Recognition and Default Curing Period](#)

[Short term Debt](#)

Status of non-cooperation with previous CRA: CRISIL had suspended the rating of the bank loan facilities of AIPL vide its release dated 19th December 2014 on account of non-cooperation and non-provision of adequate information by AIPL to undertake a review of the ratings.

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Agarwal Industries Pvt Ltd

Bank wise break up

Annexure I

Type of Facility (Rs in Crs)		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
Long Term Total		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
Short Term Total		135.00	25.00	25.00	90.00	275.00
Total		Rs 350.92 Crs (Rupees Three Hundred and Fifty Crores and Ninety Two Lakhs Only)				

**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, 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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