

## Press Release

### Brickwork Ratings assigns BWR BBB- and BWR A3 for the Bank Credit Facilities aggregating ₹ 80.89 Cr of Agarwal Packers & Movers Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Credit Facilities of ₹ 80.89 Cr of Agarwal Packers & Movers Ltd

Facility	Limit (₹ Cr)	Tenure	Rating
<b>Fund Based</b>			
CC	35.00	Long Term	<b>BWR BBB-</b> (BWR Triple B Minus)  <b>(Outlook : Stable)</b>
Term Loan	38.89	Long Term	
<b>Non Fund Based</b>			
BG	7.00	Short Term	<b>BWR A3</b> (BWR A Three)
<b>Total</b>	<b>80.89</b>	<b>INR Eighty Crores and Eighty Nine Lakhs.</b>	

The rating “**BWR BBB-**” stands for a credit facility that is considered to have **moderate degree** of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. BWR has essentially relied upon audited financial results up to FY12, provisional financial details for FY13, projected financials for FY14 & FY15, publicly available information and information provided by the management.

The rating, inter alia, factors the promoters’ strong experience in the logistics industry, established brand image of the Company, substantial growth in turnover over the past three years, and improved financial risk profile. The rating has also taken into consideration the promoter’s commitment to the business which is evident from their capital infusion into the Company during the last two years. However, the rating is constrained by low profit margins on account of high operating costs, high debt & consequent increased finance cost, and intense competition from the unorganized players in the market. Also, the Company’s average receivables are on a higher side for this line of business.

#### Background of the Company:

Agarwal Packers & Movers Ltd (APML) is primarily engaged in the business of transportation of house hold goods – domestic and international, commercial bulk transportation of goods/ merchandise (tyres, white goods, rubber, paper etc.) and transportation of cars. The Company also provides warehousing facility and air terminal management services. Domestic household relocation segment (48%) and bulk transportation of goods/merchandise segment (42%) are the major contributors for the revenue of the Company.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Company is promoted by Mr Ramesh Agarwal and Mr Rajendra Agarwal who have over two decades of experience in the logistics industry. APML was incorporated as ‘Agarwal Packers & Movers Pvt Ltd’ on 13th July, 2005 and was converted to Public Limited Company on 23rd Nov, 2010 and subsequently the name was changed to ‘Agarwal Packers & Movers Ltd’.

### Financial Performance:

The company’s turnover increased to ₹ 256.87 Crores in FY12 from ₹ 201.89 Crores in FY11. The sales have further grown by 36.63% to ₹ 350.98 Crores in FY13 as per provisional financial information provided by the management. The company also registered an increase in operating profit margin to 5.63 per cent in FY12 due to increasing use of own fleet of vehicles during the year. However, the high interest costs continue to put a strain on the net profit margins of the Company. As of FY12, the company’s tangible net-worth was ₹ 21.73 Crores. The Debt equity ratio is at 3.72 times in FY12 which has improved to 1.82 times for FY13 as per provisional financial details. During FY13, the promoter has infused equity (including share premium) amounting to ₹ 21.30 Crs.

### Rating Outlook:

The company is a well-known name in the Home Relocation segment and their overall performance over the next year is expected to be stable. Going forward, the company’s ability to register consistent growth in turnover with better operating cost controls, reduction in debt and debt financing costs which will improve profitability margins - are the key rating sensitivities.

<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**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.