

Rating Rationale

Brickwork Ratings reaffirms BWR BB+ (Outlook: Stable) and BWR A4+ rating for Agog Pharma Ltd.'s Bank Loan facilities aggregating ₹ 6.50 Cr

Brickwork Ratings have reaffirmed the **Ratings**¹ for Bank Loan facilities to Agog Pharma Ltd (or the "Company") aggregating ₹6.50 sanctioned/availed from State Bank Of India as follows:

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Ratings (May 2015)	Present Ratings
Fund Based			Long Term	BWR BB+ (BWR Double B Plus) [Outlook : Stable]	BWR BB+ (BWR Double B Plus) [Outlook : Stable] (reaffirmed)
Export Packing Credit	2.50	2.50			
Export Bill Negotiation (Sublimit of EPC)	(2.50)	(2.50)			
Cash Credit (Sublimit of EPC)	(0.20)	(0.20)			
Non Fund Based			Short Term	BWR A4+ (BWR A Four Plus)	BWR A4+ (BWR A Four Plus) (reaffirmed)
Bank Guarantee (Sublimit of LC)	(1.00)	(1.00)			
Letter Of Credit	4.00	4.00			
Total	6.50	6.50	INR Six Crores and Fifty Lakhs only		

EBN, EPC and CC are fully interchangeable

BWR has principally relied on audited financials upto FY 15, and projected financials of FY 16 and FY 17 of the Company, publicly available information and information /clarification provided by the Company's management.

The rating reaffirmation continues to factor in the experience of the company's management in pharmaceutical industry, improved profitability from FY 14 to FY 15, low gearing and comfortable debt service indicators. The Ratings are constrained by shortfall in audited financials of FY 15 vis-à-vis its projections, modest scale of operations, low profitability, intense competition, exposure of company to regulatory risks and high customer concentration risk.

About the Company:

Incorporated in 1990, Agog Pharma Ltd is an ISO 9001: 2000, WHO-GMP certified Pharmaceutical Company engaged in manufacturing of Tablets, Liquid Orals, Capsules and Dry Syrup formulations in its manufacturing facility located at Vasai, Thane. The Directors of the company are Mr Aziz Abdul Hamid Damani, Mrs Shehnaz Aziz Damani and Mr Anil Kumar Pandey. Mr Aziz Abdul Hamid Damani has over four decades of experience. Mrs Shehnaz Aziz

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

Damani has over two decades of experience. Mr Anil Kumar Pandey too has over two decades of experience. The firm sells its products to African countries viz., Ghana, Uganda, Tanzania and Zambia.

Financial Performance:

The revenue of the company increased from Rs 60.96 Cr in FY 14 to Rs 64.66 Cr in FY 15, however still falling short of its FY 15 projections of Rs 98.99 Cr. The revenue from 1st April 2015 to 31st March 2016 stands at Rs 64.50 Cr. Gearing has increased from 0.21 x in FY 14 to 0.26 x in FY 15. The Net Profit Margin has improved from 3.58% in FY 14 to 3.75% in FY 15 and Operating Profit Margin has improved from 4.40% in FY 14 to 6.29% in FY 15. The customer concentration risk continues with 70% of revenue attributed from single customer.

Rating Outlook:

The Outlook is expected to be stable. Going forward, ability of the company to increase its scale of operations, profitability and diversification of customer base shall remain the key rating sensitivities.

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