Rating Rationale

Brickwork Ratings assigns "BWR A–/A2+" for the Bank Loan Facilities aggregating ₹ 1243.91 Cr of Agson Global Pvt. Ltd.

Brickwork Ratings assigns the following ratings for the Bank Loan facilities of Rs. 1243.91 Cr of Agson Global Pvt Ltd (AGPL or the 'company'):

Facility	Limits (₹ Cr)	Tenure	Rating[1]
Fund Based Cash Credit Cash Credit (Proposed) Term Loans	**795.00** **350.00** **48.91**	**Long Term**	**BWR A –** **(Pronounced as BWR A Minus)** **Outlook - Stable**
Non-Fund Based Bank Guarantee (Proposed)	**50.00**	**Short Term**	**BWR A2+** **(Pronounced as BWR A Two Plus)**
Total	**1243.91(INR Twelve Hundred & Forty Three Crores and Ninety One Lakhs Only)**		

BWR has principally relied upon the audited financial results upto FY16, projected financials upto FY18, publicly available information and information/clarification provided by the company's management.

The rating reflects the extensive industry experience of the promoters, established market position in North India, increase in scale of operations due to diversification into new business segments, improvement in top line and profitability, commencement of operations in logistics segment which will add to its profits significantly during FY17 and continuous financial support from the promoters by infusing additional funds frequently over the past three years. The ratings are, however, constrained by working capital intensive backed by high inventory levels and declining operating profit margins during FY16.

About the Company

Agson Global Pvt Ltd (AGPL) was initially incorporated as Shree Global Impex P Ltd in May 1997 by Mr. Apresh Garg. It was renamed as Agson Global P Ltd (AGPL) in 2008. The company is engaged in four different business segments viz. processing of dry fruits (mainly almonds), manufacturing of menthol crystals, manufacturing & export of ready-made garments and logistics/warehousing.

AGPL imports whole almonds from California (which contributes to ~ 95% of the total purchases) and sells shelled almonds in the domestic markets through a network of wholesale dealers & brokers. It has set up a unit to manufacture menthol crystals at Sonepat (Haryana) with a capacity of 10,000 MTPA. AGPL also manufactures and exports ready-made garments.

It has taken a unit on lease at Gurgaon (Haryana) for this segment. AGPL has also set up a logistics park located at Kundli (Haryana) having warehousing facilites with total constructed area of 55,627 sq. meters.

Key Management

AGPL is promoted by Mr. Apresh Garg (Managing Director), who is a first generation entrepreneur, and has experience of over two decades in the almond trading business.

Key Financials

AGPL's top line has increased from Rs. 2057.08 Cr in FY15 to Rs. 2883.57 Cr in FY16, owing to start of its new divisions viz. garment & logistics. It has achieved a topline of Rs. 1703.27 Cr in H1FY17 and further projects to achieve a turnover of over Rs. 3600 Cr in FY17. Consequently, PAT has improved to Rs. 23.47 Crs in FY16 from Rs. 14.89 Crs in FY15. Tangible networth & gearing ratio of the company stood at Rs. 420.03 Cr & 1.76 times, respectively in FY16.

Outlook:

AGPL has recently ventured into new business segments such as menthol, logistics & garment division and reach at its breakeven level in the current year. AGPL is also proposing to avail additional limits of ~ Rs. 400 Cr which is required for almonds segments and also to enable it to execute export orders for menthol division.

Going forward, the ability of the company to maintain its topline growth, improve its profitability amidst competition & forex fluctuations, manage its working capital efficiently and ensure continuous funding support from the promoters, as and when required, to maintain its capital structure would be the key rating sensitivities.

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