

Rating Rationale

Agtec Industries Pvt Ltd

6 Feb 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Agtec Industries Pvt Ltd

Particulars

Facility	Tenure	Amount Rated	Rating Assigned
Term Loan	Long Term	1.43	BWR B (Pronounced as BWR Single B) Outlook: Stable
Cash Credit		2.25	
FOBD	Short Term	2.00	BWR A4 (Pronounced as BWR Single A Four)
ILC/ FLC		1.00	
Total		6.68	Rupees Six Crore and Sixty Eight Lakhs only

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the company up to FY17, publicly available information and information/clarifications provided by the Company's management.

The ratings draw comfort from the experience of the Directors and niche product line. The rating is however constrained on account of small scale of operations, decline in topline as well as bottomline and high gearing.

Credit Strengths:

- **Experience of Directors:** The promoter-director of the company has an experience of more than 3 decades in the industry.
- **Niche Product line:** The company is a manufacturer of fabricated components, equipment and accessories for the forestry and agricultural segment.

Credit Weaknesses:

- **Decline in topline:** Initially the company was catering to a single American company only. Due to some internal changes in the foreign company, the order was subsequently cancelled. Owing to the same, the net sales of the company have declined from Rs. 30.83 Cr in FY16 to Rs. 21.57 Cr in FY17 and the company also suffered loss.

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- **High Gearing:** The networth of the company is low. Owing to the same, the gearing is on a higher level. The company is infusing the funds, which has helped in reducing the gearing to 4.88 times in FY17 as compared to 5.57 times in FY16. Also, to provide financial strength, the company has infused funds in the form of unsecured loan of Rs. 7.55 Cr as on 31.03.2017.

Rating Outlook: Stable

BWR believes the Agtec Industries Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Agtec Industries Pvt Ltd commenced its operations in FY15. Its registered office is in Karol Bagh, New Delhi and its manufacturing facility is in Greater Noida, U.P. Mr. K.S. Chadha and Mr. Jyotveer Singh Chadha are the promoters of the company and are acting as Directors. The company is a manufacturer of fabricated components, equipment and accessories for the forestry and agricultural segment. The company is utilizing 60-70% of their installed capacity.

Company Financial Performance

	Unit	FY16 (Aud.)	FY17 (Aud.)
Total Operating Income	Rs. in Cr	30.83	21.57
EBIDTA	Rs. in Cr	1.47	-2.83
PAT	Rs. in Cr	0.24	-0.02
Tangible Networth	Rs. in Cr	1.86	2.37
Total Debt : TNW	Times	5.57	4.88
Current Ratio	Times	0.93	0.87

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Term Loan	Long Term	1.43	BWR B Outlook : Stable	NA	NA	NA
2	Cash Credit		2.25				
3	FOBD	Short Term	2.00	BWR A4	NA	NA	NA
4	ILC/ FLC		1.00				
			Rs. 6.68 Crores (Rupees Six Crore and Sixty Eight Lakhs only)				

Status of non-cooperation with previous CRA (if applicable) – NA
Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#) [General Criteria](#)
- [Manufacturing Companies](#) [Short Term Debt](#)

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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.

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.