

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ for the bank loan facilities aggregating to ₹10.40 Crores of Ajanta Polymers Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan facilities of Ajanta Polymers Pvt Ltd (APPL) sanctioned by State Bank of Bikaner & Jaipur.

Facility	Limit (₹Cr)	Tenure	Rating
Fund Based		Long Term	BWR BB- (Pronounced BWR Double B minus) (Outlook:Stable)
Cash Credit	6.00		
Term Loan	4.40		
Total	10.40	(INR Ten Crore & Forty Lakhs only)	

BWR has principally relied upon the audited financial results up to FY13, provisional financials for FY14, projected financials for FY15, publicly available information and information/clarifications provided by the company’s management.

The rating factors inter alia, the extensive experience & support of the promoters who have been active in the chemicals & plastics industry for many years, the group support that the company gains being part of the Ajanta Group which is established since 1974, increase in revenue for the year FY14 and a wide customer base with low concentration risk.

However, the rating is constrained by the APPL’s modest scale of business operations, low net worth & high gearing levels, increased competition from domestic as well as international players and stretched liquidity position for the company.

Background:

Ajanta Polymers Private Limited (APPL) is a Delhi based private limited company and is part of the Ajanta Group which was originally established in 1974. APPL is incorporated in 2012 although the company’s operations began only in FY13.

Mr. Sajjan Agarwal & Mr. Naresh Agarwal are the main directors of the company. The promoters have been active in the chemical and plastics industry with more than 25 years of experience in the industry.

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

The company is engaged in manufacturing of Azodicarbonamide-ADC (Blowing Agent) that is used extensively as a foaming agent for Rubber, Plastics and Leather Cloth Industries and also DNPT (Di Nitroso Pentamethylene Tetramine) which is used as an input material for ADC and mostly consumed in-house.

The company has a plant cum storage located in Matsya Industrial Area, Alwar with a built up area of over 35,600 Sq. Ft. and a team of 15 employees. The products manufactured by the company, Azodicarbonamide & DNPT are ISO 9001:2008 certified. They produce ~2400 MT of Azodicarbonamide & 500 MT of DNPT per year and are further planning for expansion.

Financial Performance:

According to the provisional results of FY14, gross sales of the Company stood at ₹ 24.31 Crores compared to ₹ 14.93 Crores in FY13 while operating profit was at ₹ 2.90 Crores and Net profits at ₹ 0.23 Crores in FY14 compared to ₹ 2.14 Crores and ₹ 0.10 Crores in FY13 respectively. Debt equity ratio was at 4.63 times in FY14 compared to 3.32 times in FY13, the increase is largely due to the low net worth, although the promoters have put in ₹ 5.20 Crores in the form of unsecured loans which when considered as equity, improves the gearing levels to 1.45 times. As of March, 2014, the tangible net worth of the Company stood at ₹ 2.65 Crores.

Rating Outlook:

The outlook for APPL is expected to be stable in the coming year. Going forward, the ability of the company to improve its revenues and profitability, improve its net worth levels while maintaining a comfortable debt equity position and managing its working capital efficiently will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.