

## Rating Rationale

### Brickwork Ratings assigns ‘BWR B’ & ‘BWR A4’ for the Bank Loan facilities aggregating to ₹ 14.36 Cr of Avmark Polymers Private Limited.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Rs.14.36 Cr of Avmark Polymers Private Limited (“APPL” or “the Company”):

Facilities	Amount (₹ Cr)	Tenure	Rating
Cash Credit (Fund Based)	4.00	Long Term	<b>BWR B</b> (Pronounced BWR Single B)  <b>Outlook: Stable</b>
Term Loan (Fund Based)	10.36*		
Letter of Credit (Non-Fund Based)	(2.00)*	Short Term	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>14.36</b>	<b>(INR Fourteen Crores and Thirty Six Lakhs Only)</b>	

\*The Term Loan amount outstanding as on 31 March, 2015.

\*\*Letter of Credit is the sub limit of Cash Credit.

BWR has essentially relied upon the audited financial results of the company up to FY14, projections for FY15 & FY16, publicly available information and information/clarifications provided by the management.

The rating draws strength from the well qualified and entrepreneurial experience of the management in the different types of business, locational advantage of the plant, expected increase in demand and support available from group company Dinesh Oil Limited having established presence in the edible oil industry in Uttar Pradesh. However, the ratings are constrained by limited history of commercial operations, relatively small scale of operations & high leverage, exposure to volatility in raw material prices, the cyclicity inherent in demand of tarapaulin and intense competition as industry is highly fragmented and competitive.

#### Background:

**Avmark Polymers Private Limited** was incorporated in March 2013 at Kanpur, Uttar Pradesh and began commercial operations from March, 2014. The company has manufacturing unit in Kanpur and manufactures High Density Polyethylene (HDPE) based Tarapaulin. It is sold under the brand name “Gold Mahor”. The company requires raw materials like HDPE granules, filler compounds, LDPE, etc. for production.

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

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### Ownership & Management:

Mr Prateek Arora, Mr Saurabh Aggarwal and Mr Gaurav Aggarwal are the directors of the Company. Mr Prateek Arora has 32.42 % shareholding and is MBA by qualification having almost 5 years of work experience. Mr Saurabh Aggarwal and Mr Gaurav Aggarwal have 0.31 % and 1.68 % shareholding respectively. Both have around 8 years of work experience and are well qualified. Rest shareholding is held by other family members and relatives.

### Financial Performance:

APPL reported net sales of Rs.0.019 Cr and loss of Rs0.075 Cr in FY14 for one month of commercial operation. Tangible net worth stood at Rs.3.19 Cr and debt equity ratio was 2.38 times as on March 31, 2014. On a provisional basis, the company has reported net sales of Rs7.88 Cr for H1FY15.

### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to achieve its projected revenue, improve its profitability levels, the ability to manage working capital effectively and optimizing its capital structure would be the key rating sensitivities.

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