

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹. 7.69 Crores of Banganga Paper Mills.

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2017)	Present
Fund Based (FB)					
Cash Credit	5.00	2.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) (Outlook -Stable)	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable) (Upgrade)
Term Loan	9.46	5.69			
Total Limits	14.46	7.69	(INR Seven Crores and Sixty Nine Lakhs Only)		

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

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Brickwork has principally relied upon the audited financials upto FY18, projected financials upto FY21, publicly available information and information/clarification provided by the firm's management.

The rating draws strength from the visibility of revenue growth , increased profit margins , improved capacity utilisation of the unit and satisfactory debt and interest coverage ratio.

However, the rating is constrained by limited track record of the firm, low net worth, high gearing inherent risk , intensely competitive nature of paper industry and price volatility of raw material.

Description of Key Rating Drivers

Credit Strengths:

Revenue is increased from Rs.14.86 cr in FY17 to Rs. 44.96 cr in FY18, considering the commercial operation commenced in June 2016 and manufacturing process of paper is eco friendly as it makes productive use of recycled industrial waste and thus eligible for certain incentives from the government



further the capacity utilization of the unit has been improved from 37% in FY 17 to 100% In FY18 Operating profit margin and net profit margin showed improvement and registered at 2.53% and 8.59% respectively in FY 18 which is an uptick from previous FY . Debt coverage and Interest coverage indicator are at 1.73 x and 3.05 x in FY 18 respectively

Credit Risks:

Limited track record of the firm since commercial operations commenced in June 2016 , net worth is at Rs 6.05 Crs in FY18 , Gearing with outside liability is at 2.06 x in FY18 , inherent risk is the constitution of the firm being partnership , Price fluctuation risk along with competition from peers

Going forward the ability of the firm to enhance the revenue growth, profits and profitability margin , Infuse partners own funds to reduce the gearing and increase the scale of operation and service the debt obligations promptly

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Banganga Paper Mills** 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 Firm

Banganga Paper Mills was established on 17th Oct 2013 as a partnership firm by Mr. Chetan Dhatrik, Mrs. Jayashree Dhatrik and Mr. Karbhari Dhatrik. The firm has set up a factory with a unit spread over an area more than 9500 sq. mts approx. at Ramshej near Nashik, Maharashtra. The main object of the firm is to carry on the business of manufacturers of Kraft Paper exclusively used for Packaging industry.

Company Financial Performance

Firm has reported Net sales of Rs.44.96 crs in FY18 as compared to Rs.14.86 in FY17. Tangible net worth stood at Rs.6.05 crs in FY18. net profit improved from negative Rs 1 Cr in FY 17 to positive Rs 1.14 crs in FY18

Rating History for the last three years

Si No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	11.8.2017	23.8.2016	2015
Fund Based (FB)							
1	Fund Based	Long Term	7.69	BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable) (Upgraded)	BWR B+ (Pronounced as BWR Single B Plus) (Outlook -Stable)	BWR B+ (Pronounced as BWR Single B Plus) (Outlook -Stable)	Not Rated
	Total Limits		7.69	(INR Seven Crores and Sixty Nine Lakhs Only)			

*Rating moved to not reviewed on 12Nov2018 Status of non-cooperation with previous CRA : Not to our Knowledge , Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Revenue	Rs. Crs	14.86	44.96
EBITDA	Rs. Crs	1.18	3.87
PAT	Rs. Crs	(1.00)	1.14
Tangible Net worth	Rs. Crs	3.70	6.05
Total Debt/Tangible Net worth	Times	2.63	1.46
Current Ratio	Times	1.04	1.26

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Venkatesh</i> <i>CGM-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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