



Rating Rationale

Eminent Dealers Pvt. Ltd.

September 25th, 2017

Brickwork Ratings assigns ratings for the Loan facilities aggregating Rs. 22.74 Crores of Eminent Dealers Pvt. Ltd.

Particulars:

Facility	Rated Amount(In Crs)	Tenure	Rating Recommended
Fund Based – Term Loan	12.83	Long Term	BWR BB (Pronounced as BWR Double B) Outlook : Stable
Cash Credit	9.50		
Sub Limit: Packing Credit	(0.40)	Short Term	BWR A4(Pronounced as BWR Single A Four)
Sub Limit: FOBP/FOUBP	(0.20)		
Letter of Guarantee	0.41		
Total	22.74	Rupees Twenty Two Crores and Seventy Four Lacs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials for FY15 to FY17 & Projected FY 18 & FY 19 and publicly available information and information / clarifications provided by the management of the company.

The rating has inter – alia factored in the experience of directors, favorable demand, Location advantage, comfortable gearing ratio and moderate debt protection matrices.. However, the rating is constrained by highly competitive industry due to low entry barriers and thin profitability margins.

Key Rating Drivers

Credit Strengths

- **Industry experience of Directors** – The directors of company are qualified and have experience in the line of business for more than 5 years.
- **Comfortable Gearing Ratio** – Company's Gearing ratio (i.e. TOL/TNW) stood at 1.93x in FY 17 and indicates the financial stability in the company.
- **Moderate Debt protection Matrics** – Company has moderate debt protection matrices with ISCR of 3.34x and DSCR of 1.08x as on 31.03.2017 which reflects its ability to service debt on time.

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Credit Weakness

- **Intensely competitive nature of the industry** - The RPSF industry is highly competitive and characterized by the presence of a large number of players due to low entry barriers and low capital investment requirement.
- **Thin Profitability Margins** – Net Profit margins were only 1.04% for FY 17 because of limited bargaining power due to intensive competition.

Rating Outlook: Stable

BWR believes the Eminent Dealers 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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non implementation of the same.

About the Company

EDPL was incorporated on 30th June 1999 and was earlier engaged in the real estate business. The promoters have now stopped conducting real estate business under this entity and have set up a manufacturing unit for regenerated/recycled polyester staple fibre (RPSF), which will use waste PET (polyethylene terephthalate) bottles as raw material. The manufacturing facility of the company is based out of Bhilwara in Rajasthan. Company is having its registered office at Saha court, 8G C Avenue, 3rd Floor, Room No. 12, Kolkata West Bengal – 700013. Mr Rajesh Kumar Aggarwal, Mrs. Saroj Aggarwal, Mr Saurav Kumar Aggarwal, Mr. Prakash Dalmia and Mr. Gaurav Kumar Aggarwal are in Board of Directors of Company.

Key Parameters		FY16 (Audited)	FY17 (Audited)
Operating Income	Cr	0.44	44.06
EBITDA	Cr	-0.02	4.29
PAT	Cr	0.06	0.46
TNW	Cr	11.64	16.77
D:E(TOL/TNW)	times	1.90	1.93
Current Ratio	times	19.44	1.14

Company Financial Performance

Status of non-cooperation with previous CRA: ICRA, vide its press release dated July 26th, 2017, advised that they are not able to carry out the periodic review on account of Issuer non-cooperating.



Facility	Ten-ure	Rating Assigned (2017)		Rating History		
		Rated Amount (In Crs)	Rating	2016	2015	2014
Fund Based – Term Loan	Long Term	12.83	BWR BB (Pro-nounced as Double B) Outlook : Stable	NA	NA	NA
Cash Credit		9.50		NA	NA	NA
Sub Limit: Packing Credit	Short Term	(0.40)	BWR A4 (Pronounced as Single A Four)	NA	NA	NA
Sub Limit: FOBP/ FOUBP		(0.20)		NA	NA	NA
Letter of Guarantee		0.41		NA	NA	NA
Total		22.74	Rupees Twenty Two Crores and Seventy Four Lacs Only			

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

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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, 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.

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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

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