



Rating Rationale

Agsons Agencies India Pvt. Ltd.

10 May 2019

Brickwork Ratings assigns the rating for the short term bank loan facilities of Agsons Agencies India Pvt. Ltd.

Facility Rated	Amount (Rs. Crs)	Tenure	^ Rating Assigned
<u>Non Fund Based</u> ILC/FLC	120	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)
Total	120	INR One Hundred Twenty Crores Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR principally relied upon audited financials upto FY18, 11MFY19 provisional, projections upto FY20, publicly available information and information/clarification provided by the management.

While assigning the rating of *Agsons Agencies India Pvt. Ltd.* (AAIPL or 'the company'), BWR has factored in promoter's experience in the copper trading business and growing scale of operations. The rating is, however, constrained by weak debt protection metrics and low profit margins, elongated receivables period, supplier concentration risk, besides price fluctuation risk.

Going forward, the company's ability to improve profit margins, manage its working capital efficiently would remain the key sensitivities over short to medium term.

Credit Strengths :

- **Experience Promoters** : The directors of the company are Mr RC Agarwal(CMD) has more than 5 decades of experience and Mr Ravi Agarwal & Mrs Rakhi Agarwal who have more than 2 decades of experience in the line of metal trade industry.

10 May 2019



- **Growing Revenues of the Company :** Company's revenues are growing over the years. Total operating income(TOI) has improved from Rs 194.54 Cr in FY17 to Rs 230.05 Cr in FY18. However the PAT is stagnant at Rs 0.81 Cr in FY18. As advised by the company, they have achieved a turnover of Rs 335.26 in FY19 provisional basis.

Credit Concerns :

- **Weak Debt Protection Metrics :** Company has ISCR below 1 i.e. 0.76X in FY18. The company is enjoying only non fund based limits and keep a sizeable amount in FDRs as margin money. Interest income on FDRs is shown by way of non operating income. Since interest income is received on a regular basis and also a part of business requirement; ISCR would improve to more than 1 if interest income is also treated as other operating income.
- **Profit margins :** Net profit margin has declined from 0.42% in FY17 to 0.35% in FY18 and operating profit margin has decreased from 2.65% in FY17 to 1.87% in FY18 due to stiff competition.
- **Operating Cycle :** Cash conversion cycle is elongated to 125 days mainly due to stretched receivable period of 150 days in FY18.
- **Supplier Concentration Risk :** It has supplier concentration risk due to purchases of approx 75% of metals from single supplier only.
- **Susceptibility of Price Risk and Competition :** Price Volatility Risk is associated with metal industry and competition from the peers could affect the profit margins adversely.

Liquidity :

The company has cash accruals(PAT+DEP) of Rs 0.96 Cr in FY18 and Cash & Cash equivalent of the company is Rs 0.14 Cr in FY18. Company has not availed term loans, however it has unsecured loans from directors and intercorporates.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

10 May 2019



About the Company

Agsons Agencies India Pvt. Ltd. was incorporated in 1974 with its registered address at Delhi. The company is engaged in import, export and trading of non-ferrous metal mainly cooper, metal scrap, metal alloys. The directors of the company are Mr. RC Agarwal(CMD), Mr Ravi Agarwal, Ms Rakhi Agarwal and Ms Usha Gupta.

Company's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Audited)
Net Sales/Revenue	Rs. Crores	194.54	230.05
EBIDTA	Rs. Crores	5.15	4.31
PAT	Rs. Crores	0.82	0.81
Tangible Networth(analyzed)	Rs. Crores	22.35	26.72
TOL : TNW (analyzed)	Times	5.91	5.65
Current Ratio	Times	1.16	1.20

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

S.No.	Instrument / Facility	Current Rating (Year 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	2018	2017	2016
1.	ILC/FLC	Short Term	120	BWR A4+ (Pronounced as BWR Single A Four Plus)	NA	NA	NA
Total			120	INR One Hundred Twenty Crores Only			

10 May 2019



Status of non-cooperation with previous CRA (if applicable) – NA

Hyperlink/Reference to applicable Criteria

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

Analysts	Media
Mr. R.K Sharma Sr. Director - Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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

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.

10 May 2019