

Rating Report

Brickwork Ratings reaffirms 'BWR BBB-' & 'BWR A3' Ratings for Bank Loan facilities aggregating to ₹ 7.84 Cr of Accurate Polymers Private Limited

Brickwork Ratings (BWR) has reaffirmed the **Ratings**¹ for Bank Loan facilities of Accurate Polymers Private Limited (APPL or 'the Company') as follows:

Facility	Amounts in ₹ Cr		Tenure	Present Rating ¹	Rating History
	Previous Limits	Present Limits			
Fund Based					
Cash Credit	2.75	2.75	Long Term	Reaffirmed at BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable (May 2013)
Term Loans	6.00	3.09			
Non Fund Based					
Letter of Credit	1.50	1.50	Short Term	Reaffirmed at BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three)
Bank Guarantee	0.00	0.50			
Total	10.25	7.84	INR Seven Crores Eighty Four Lakhs only		

Note: The present limit of Term Loan is outstanding amount as on 30.11.2014

BWR has essentially relied upon the audited financial results of APPL upto FY14, projected financial statements upto FY17, and information/clarifications provided by the management of the company.

The ratings continue to draw strength from the experience of the promoters, established marketing and distribution channel, established brand position of Ori-Plast in the northern and eastern regions of the country and presence of a letter of comfort from Ori-Plast Limited assuring both financial and strategic support to APPL. The ratings are constrained by small scale of operations, low capacity utilisation, accumulated losses and stretched debt coverage and interest coverage indicators.

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

Background:

Incorporated in 2008, APPL is promoted by Mr. Prakash Birmecha, Mr. Kamal Agarwal, Mr. Mahendra Kumar Sanwalka, Mr. Danmal Bohra, Mr. Pradeep Kumar Kedia, Mr. Ashish Agarwal and Mr. Harshvardan Agarwal. It manufactures PVC Pipes & Fittings.

Accurate Polymers Private Limited

Business Overview:

APPL is engaged in the business of manufacturing PVC pipes and fittings which find their application across Plumbing, Irrigation, Real estate, Construction, and various other sectors. The unit commenced operations during May 2012. The manufacturing facility is located in Sankrail (Kolkata), with an installed capacity of 3500 MTPA. The product profile has a wide range from 20mm to 200mm. It is associated with Ori-Plast Ltd for technical and marketing guidance. The Company is selling its products under the established brand name of 'Ori-plast' using the distribution network of Ori-Plast Ltd.

Financial Performance:

As per audited financial statements of APPL, Total operating income increased from Rs. 11.95 Crs to Rs. 14.93 Crs. Operating profit margin has increased from 6.21% in FY13 to 7.03% in FY14. Net Profit Margin has improved from (-10.01%) in FY13 to (-5.41%) in FY14. IN FY14, Interest Service Coverage Ratio (ISCR) Debt Service Coverage Ratio (DSCR) for FY14 continue to remain stressed due to low cash accruals. ISCR stood at 1.01 times and DSCR stood at 0.48 times in FY14. Due to accumulated losses in FY13 and FY14, Tangible networth of the company has deteriorated to Rs (-0.85 Crs). The promoters will be required to infuse capital in FY15 to improve the capital structure and to ensure timely servicing of debt and interest obligations. Key Financial parameters are detailed in Annexure I, II and III.

The company was unable to meet its projected revenue of Rs 23.00 Crs in FY14 due to adverse market conditions. The management believes that performance in FY15 will improve and has projected revenue of Rs. 25.00 Crs in FY15.

Rating Outlook:

Going forward, the continued support from Oriplast Ltd and ability of the firm to improve its capacity utilisation, achieve its projected turnover, attain profitability and improve its capital structure with infusion of funds will be the key rating sensitivities.

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Annexure I : Summary of the Profit & Loss Statements

Crores	FY13	FY14
Result Type	A	A
Gross Sales	12.66	16.66
Traded Goods Sales	0.55	0.00
Excise Duty/Sales Tax	1.39	1.83
Net Sales	11.82	14.83
Other Operating Income	0.13	0.10
Total Operating Income	11.95	14.93
Operating Expenses	11.21	13.88
OPBDIT	0.74	1.05
Depreciation	0.99	0.87
OPBIT	-0.25	0.18
Interest and Finance Charges	0.91	1.04
OPBT	-1.16	-0.86
Non Operating Income(Expenses)	0.05	-0.05
PBT	-1.11	-0.90
Provision for Taxes	0.09	-0.09
PAT	-1.20	-0.81

Accurate Polymers Private Limited

Annexure II: Summary of the Balance Sheet

Crores	FY13	FY14
Result Type	A	A
LIABILITIES		
EQUITY AND RESERVES	-0.04	-0.85
Share capital	1.00	1.00
Reserves and Surplus	-1.04	-1.85
Non-current liabilities	3.55	2.75
Long-Term Borrowings	3.45	2.70
Deferred tax Liabilities (Net)	0.09	0.00
Long-Term Provisions	0.02	0.05
Current liabilities	7.62	7.72
Short-Term Borrowings	4.88	4.84
Current Portion Of Long Term Debt	1.24	0.89
Trade Payables	0.48	0.86
Other Current Liabilities	0.96	1.04
Short-Term Provisions	0.06	0.10
Total Liabilities	11.13	9.62
ASSETS		
Non-current assets	6.51	5.85
Net Fixed assets	5.52	5.76
Capital Work-In-Progress	0.86	0.00
Long Term Loans and Advances	0.12	0.07
Other Non Current Assets	0.01	0.02
Current assets	4.62	3.78
Inventories	2.42	3.16
Trade Receivables < Six Months	0.06	0.05
Cash and Cash Equivalent	1.79	0.49
Short-Term Loans and Advances	0.30	0.03
Other Current Assets	0.05	0.03
Total Assets	11.13	9.62

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Annexure III: Key Ratios

Crores	UOM	FY13	FY14
Result Type		A	A
Total Debt	Rs. Crs	9.57	8.43
Tangible Net Worth	Rs. Crs	-0.05	-0.85
Capital Employed	Rs Crs	9.61	7.57
Total Debt/TNW	Times	-212.42	-9.88
Long Term Debt/TNW	Times	-76.52	-3.16
TOL/TNW	Times	-245.87	-12.28
ISCR	Times	0.81	1.01
DSCR	Times	0.75	0.48
Net Profit Margin	%	-10.01	-5.41
Operating Profit Margin	%	6.21	7.03
ROCE	%	-3.20	2.09
Current Ratio	Times	0.61	0.49
Days Receivables	Days	1	1
Days Inventory	Days	45	80
Days Payable	Days	8	22
Conversion Cycle	Days	38	59