## Rating Report

**Brickwork Ratings reaffirms "BWR BBB-/A3" Ratings for Bank Loan facilities aggregating to ₹ 6.75 Cr of Adventec Polymers Private Limited**

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

| Facility | Amounts in ₹Cr | | Tenure | Present Rating[1] | Rating History (May 2013) |
|---|---|---|---|---|---|
| | Previous Limits | Present Limits | | | |
| **Fund Based**<br>Cash Credit | 3.50 | 5.00 | **Long Term** | **Reaffirmed at BWR BBB-** (Pronounced BWR Triple B Minus) **Outlook: Stable** | **BWR BBB-** (Pronounced BWR Triple B Minus) **Outlook: Stable** |
| **Non Fund Based**<br>Letter of Credit<br>Bank Guarantee *(sublimit of Letter of Credit)* | 1.50<br>(0.25) | 1.75<br>(0.50) | **Short Term** | **Reaffirmed at BWR A3** (Pronounced BWR A Three) | **BWR A3** (Pronounced BWR A Three) |
| **Total** | **5.00** | **6.75** | **INR Six Crores Seventy Five Lakhs only** | | |

BWR has essentially relied upon the audited financial results of APPL upto FY14, projected financial statements up to FY16, 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 support from Ori-Plast Limited . The ratings are constrained by small scale of operations, low capacity utilisation, low tangible networth and decline in revenues & profitability in FY14.

## Background:

Incorporated in 2007, APPL is promoted by Mrs Anita Agarwal, Mrs Rekha Agarwal, Mr Harshvardhan Agarwal and Mr Kailash Chand Agarwal. The Company is engaged in the business of manufacture of PVC pipes and fittings. APPL is a part of the Ori-Plast Group. The products are marketed under the brand name of 'Ori-Plast' and the same distribution channels are used.

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

## Business Overview:

APPL is engaged in the business of manufacture of PVC pipes and fittings, which find application in Plumbing, Irrigation and various other sectors. The manufacturing facility is located in Behror, Rajasthan with an installed capacity of 5000 MT for PVC Pipes and Fittings and 4500 MT for HDPE Pipes and Fittings. In FY14, the management reported capacity utilisation of 38% for PVC Pipes & Fittings and 11% for HDPE Pipes & Fittings.

## Financial Performance:

As per audited financial statements for FY14, APPL's Total Operating Income has decreased from Rs. 27.35 Crs in FY13 to Rs. 25.97 Crs in FY14. Operating Profit margin decreased from 6.05% in FY13 to 5.97% in FY14 and Net Profit Margin decreased from 1.81% in FY13 to 1.50% in FY14. Debt Equity Ratio has increased from 1.59 times in FY13 to 1.76 times in FY14 due to higher working capital borrowing. Interest Service Coverage Ratio has decreased substantially from 3.23 times in FY13 to 2.28 times in FY12 due to lower cash accruals and higher interest costs. Cash Conversion Cycle is stretched at 88 days primarily due to high inventory holding. Tangible Networth as on 31$^{st}$ March 2014 was Rs.3.46 Cr.

As informed by the management, turnover upto 31$^{st}$ December 2014 was Rs. 27.72 Crores and has estimated turnover of Rs.34 Cr for FY15.

Key Financial Parameters are detailed in Annexure I and II.

## Rating Outlook:

Going forward, the continued support from Oriplast Ltd, ability of the firm to achieve its projected revenue, improve its capacity utilisation, scale of operations, profitability and tangible networth will be the key rating sensitivities.

| Analyst Contact | Relationship Contact |
|---|---|
| analyst@brickworkratings.com | bd@brickworkratings.com |
| **Phone** | **Media Contact** |
| 1-860-425-2742 | media@brickworkratings.com |

## Annexure I: Summary of the Profit & Loss Statements

| Crores | FY12 | FY13 | FY14 |
|---|---|---|---|
| **Result Type** | **A** | **A** | **A** |
| Gross Sales | 21.96 | 30.48 | 28.96 |
| Excise Duty/Sales Tax | 2.10 | 3.19 | 3.01 |
| Net Sales | 19.87 | 27.29 | 25.95 |
| Other Operating Income | 0.08 | 0.05 | -0.07 |
| Total Operating Income | 19.95 | 27.35 | 25.87 |
| Operating Expenses | 18.73 | 25.69 | 24.32 |
| OPBDIT | 1.21 | 1.66 | 1.55 |
| Depreciation | 0.60 | 0.50 | 0.36 |
| OPBIT | 0.61 | 1.16 | 1.19 |
| Interest and Finance Charges | 0.50 | 0.51 | 0.68 |
| OPBT | 0.12 | 0.65 | 0.51 |
| Non Operating Income | 0.04 | 0.05 | 0.05 |
| PBT | 0.16 | 0.70 | 0.56 |
| Provision for Taxes | 0.06 | 0.21 | 0.17 |
| PAT | 0.09 | 0.49 | 0.39 |

## Annexure II: Summary of the Balance Sheet

| Crores | FY12 | FY13 | FY14 |
|---|---|---|---|
| Result Type | Audited | Audited | Audited |
| LIABILITIES | | | |
| EQUITY AND RESERVES | 2.58 | 3.07 | 3.46 |
| Share capital | 0.89 | 0.89 | 0.89 |
| Reserves and Surplus | 1.69 | 2.18 | 2.57 |
| Non-current liabilities | 1.24 | 1.24 | 1.29 |
| Long-Term Borrowings | 1.07 | 1.07 | 1.07 |
| Other Long Term liabilities | 0.17 | 0.17 | 0.22 |
| Current liabilities | 5.03 | 6.16 | 6.41 |
| Short-Term Borrowings | 2.93 | 3.82 | 5.00 |
| Trade Payables | 1.20 | 1.07 | 0.25 |
| Other Current Liabilities | 0.90 | 1.27 | 1.16 |
| Total Liabilities | 8.84 | 10.47 | 11.15 |
| ASSETS | | | |
| Non-current assets | 3.42 | 3.14 | 3.00 |
| Net Fixed assets | 2.96 | 2.72 | 2.58 |
| Capital Work-In-Progress | 0.06 | 0.04 | 0.04 |
| Deferred Tax Assets (Net) | 0.16 | 0.16 | 0.15 |
| Long Term Loans and Advances | 0.23 | 0.22 | 0.22 |
| Current assets | 5.43 | 7.33 | 8.15 |
| Current Investments | 0.00 | 0.00 | 0.00 |
| Inventories | 3.52 | 4.85 | 5.71 |
| Trade Receivables > Six Months | 0.18 | 0.16 | 0.10 |
| Trade Receivables < Six Months | 0.58 | 0.51 | 0.69 |
| Cash and Cash Equivalents | 0.47 | 0.84 | 0.65 |
| Short-Term Loans and Advances | 0.63 | 0.90 | 0.95 |
| Other Current Assets | 0.04 | 0.06 | 0.06 |
| Total Assets | 8.84 | 10.47 | 11.15 |