



Rating Rationale

Agarwal Polysacks Limited

July 26th, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 14.10 Crores of Agarwal Polysacks limited

Particulars

| Facility Rated | Amount (Rs. Crs) | Tenure | Rating * |
|------------------------------|--|------------|---|
| <u>Fund Based</u> | | | |
| Cash Credit | 12.50 | Long Term | BWR BB (Pronounced as BWR Double B) (Outlook : Stable) |
| <u>Non-Fund Based</u> | | | |
| Letter of Credit | 1.50 | Short Term | BWR A4 (Pronounced as BWR A Four) |
| Bank Guarantee | 0.10 | | |
| Total | Rs. 14.10 Crores (Rupees Fourteen Crores and Ten Lakhs 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 & FY16, provisional financials for FY17 and projected financials for FY18 & FY19, publicly available information and information / clarifications provided by the management of the company.

The rating has inter – alia factored in the experience of directors in packing material manufacturing, moderate tangible net worth, moderate gearing ratio, adequate liquidity, established supplier base of the company and firm's declining conversion cycle. However, the rating is constrained by moderate debt protection metrics, low profit margins and small scale of operations.

26th Jul 2017



Rating Outlook: Stable

BWR believes the **Agarwal Polysacks Limited** 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 Company

Agarwal Polysacks Limited was incorporated in the year 1992 as a private limited company but later converted to a public company in the year 2000. The company manufactures Bubble Films / rolls, multiwall paper bags, HDPE Bags etc. The company is also engaged in trading of Bilt Graphic Paper Products Limited. The company is being managed by Mr Abhilov Agarwal who has an experience of more than a decade in the same line of business.

Company Financial Performance

The company has achieved a turnover of Rs 35.89 Crores in FY16 as against Rs 33.83 Crores in FY15. The PAT for the company stood at Rs 0.14 Crores for FY16 as against Rs 0.15 Crores in FY15. The company has achieved a revenue of Rs 44.93 Crores and PAT of Rs 0.28 Crores in FY17 on provisional basis.

Rating History for the last three years: (including withdrawn/suspended ratings)

| S. No. | Facility | Current Rating (2017) | | | Rating History | | |
|--------|------------------|-----------------------|------------------|---|----------------|------|------|
| | | Tenure | Amount (in Crs.) | Rating | 2016 | 2015 | 2014 |
| 1 | Cash Credit | Long Term | 12.50 | BWR BB (Pronounced as BWR Double B) (Outlook : Stable) | NA | NA | NA |
| 2 | Letter of Credit | Short Term | 1.50 | | | | |
| 3 | Bank Guarantee | | 0.10 | BWR A4 (Pronounced as BWR A Four) | | | |
| | | Total | 14.10 | INR Fourteen Crores and Ten Lakhs Only | | | |

Hyperlink/Reference to Applicable Criteria

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



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.

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

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.