

## Rating Report

### Brickwork Ratings reaffirms BWR BB+ (Outlook: Stable) and BWR A4+ rating for Agog Pharma Ltd's Bank Loan facilities aggregating to ₹ 6.50 Cr

Brickwork Ratings have reaffirmed the **Ratings<sup>1</sup>** for Bank Loan facilities to Agog Pharma Ltd (or the "Company") aggregating to ₹ 6.50 sanctioned/availed from State Bank Of India as follows:

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Ratings (May 2015)	Present Ratings
<b>Fund Based</b>					
Export Packing Credit	2.50	2.50	Long Term	BWR BB+ (BWR Double B Plus) [Outlook : Stable]	BWR BB+ (BWR Double B Plus) [Outlook : Stable] (reaffirmed)
Export Bill Negotiation (Sublimit of EPC)	(2.50)	(2.50)			
Cash Credit (Sublimit of EPC)	(0.20)	(0.20)			
<b>Non Fund Based</b>					
Bank Guarantee (Sublimit of LC)	(1.00)	(1.00)	Short Term	BWR A4+ (BWR A Four Plus)	BWR A4+ (BWR A Four Plus) (reaffirmed)
Letter Of Credit	4.00	4.00			
<b>Total</b>	<b>6.50</b>	<b>6.50</b>	<b>INR Six Crores and Fifty Lakhs Only</b>		

*EBN, EPC and CC are fully interchangeable*

BWR has principally relied on audited financials upto FY 15, and projected financials of FY 16 and FY 17 of the Company, publicly available information and information /clarification provided by the Company's management.

The rating reaffirmation continues to factor in the experience of the company's management in pharmaceutical industry, improved profitability from FY 14 to FY 15, low gearing and comfortable debt service indicators. The Ratings are constrained by shortfall in audited financials of FY 15 vis-à-vis its projections, modest scale of operations, low profitability, intense competition, exposure of company to regulatory risks and high customer concentration risk.

#### About the Company:

Incorporated in 1990, Agog Pharma Ltd is an ISO 9001: 2000, WHO-GMP certified Pharmaceutical company engaged in manufacturing of Tablets, Liquid Orals, Capsules and Dry Syrup formulations in its manufacturing facility located at Vasai, Thane. The Directors of the company are Mr Aziz Abdul Hamid Damani, Mrs Shehnaz Aziz Damani and Mr Anil Kumar Pandey. Mr Aziz Abdul Hamid Damani has over four decades of experience.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

Mrs Shehnaz Aziz Damani has over two decades of experience. Mr Anil Kumar Pandey too has over two decades of experience. The firm sells its products to African countries viz., Ghana, Uganda, Tanzania and Zambia.

**Financial Performance:**

The revenue of the company increased from Rs 60.96 Cr in FY 14 to Rs 64.66 Cr in FY 15, however still falling short of its FY 15 projections of Rs 98.99 Cr. The revenue from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 stands at Rs 64.50 Cr. Gearing has increased from 0.21 x in FY 14 to 0.26 x in FY 15. The Net Profit Margin has improved from 3.58% in FY 14 to 3.75% in FY 15 and Operating Profit Margin has improved from 4.40% in FY 14 to 6.29% in FY 15. The customer concentration risk continues with 70% of revenue attributed from single customer.

**Rating Outlook:**

The Outlook is expected to be stable. Going forward, ability of the company to increase its scale of operations, profitability and diversification of customer base shall remain the key rating sensitivities.

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## Profit and Loss Statement

<b>Crores</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	25.46	36.55	53.68	58.17	61.75
Traded Goods Sales	0.00	0.00	0.00	0.00	0.00
Excise Duty/Sales Tax	0.15	0.07	0.00	0.00	0.00
<b>Net Sales</b>	<b>25.31</b>	<b>36.48</b>	<b>53.68</b>	<b>58.17</b>	<b>61.75</b>
Other Operating Income	2.11	1.51	1.23	2.79	2.91
<b>Total Operating Income</b>	<b>27.42</b>	<b>37.98</b>	<b>54.91</b>	<b>60.96</b>	<b>64.66</b>
Operating Expenses	25.86	36.00	53.46	58.28	60.60
OPBDIT	1.57	1.98	1.45	2.68	4.06
Depreciation/Amortization/Impairment	0.50	0.82	0.80	0.73	1.08
<b>OPBIT</b>	<b>1.06</b>	<b>1.17</b>	<b>0.65</b>	<b>1.95</b>	<b>2.98</b>
Interest and Finance Charges	0.20	0.63	0.57	0.43	0.43
OPBT	0.86	0.53	0.08	1.51	2.55
Non- Operating Income(Expenses)	0.04	0.67	1.44	1.81	1.03
PBT	0.90	1.20	1.52	3.32	3.58
Extraordinary/Prior Period Income(Expense)	0.00	0.00	0.00	0.00	0.00
Provision for Taxes	0.29	0.38	0.51	1.14	1.15
PAT(Continuing Operations)	0.61	0.82	1.02	2.18	2.42
PAT(Discontinuing Operations)	0.00	0.00	0.00	0.00	0.00
<b>PAT</b>	<b>0.61</b>	<b>0.82</b>	<b>1.02</b>	<b>2.18</b>	<b>2.42</b>

## Balance Sheet

<b>Crores</b>	<b>FY 2011 Audited</b>	<b>FY 2012 Audited</b>	<b>FY 2013 Audited</b>	<b>FY 2014 Audited</b>	<b>FY 2015 Audited</b>
<b>Liabilities</b>					
<b>EQUITY AND RESERVES</b>	<b>4.87</b>	<b>5.69</b>	<b>6.71</b>	<b>8.89</b>	<b>11.23</b>
Share capital	3.15	3.15	3.15	3.15	3.15
Reserves and Surplus	1.70	2.53	3.54	5.72	8.06
Revaluation Reserve	0.02	0.02	0.02	0.02	0.02
<b>Non-current liabilities</b>	<b>1.28</b>	<b>2.60</b>	<b>1.99</b>	<b>1.57</b>	<b>1.43</b>
Long-Term Borrowings	1.15	2.38	1.80	1.39	1.39
Deferred tax Liabilities (Net)	0.13	0.21	0.19	0.18	0.04
<b>Current liabilities</b>	<b>14.92</b>	<b>19.88</b>	<b>23.57</b>	<b>23.68</b>	<b>24.44</b>
Short-Term Borrowings	2.83	2.39	0.65	0.00	1.49
Current Portion Of Long Term Debt	0.42	0.54	0.65	0.46	0.00
Trade Payables	11.53	16.45	20.76	19.02	21.38
Other Current Liabilities	0.11	0.45	1.31	3.38	1.19
Short-Term Provisions	0.02	0.04	0.20	0.82	0.37
<b>Total Liabilities</b>	<b>21.07</b>	<b>28.16</b>	<b>32.27</b>	<b>34.14</b>	<b>37.09</b>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>6.58</b>	<b>6.48</b>	<b>5.86</b>	<b>5.76</b>	<b>5.36</b>
Net Fixed assets	4.31	6.40	5.78	5.67	5.28
Capital Work-In-Progress	2.22	0.00	0.00	0.00	0.00
Net Intangible assets	0.01	0.01	0.01	0.01	0.01
Non Current Investments	0.01	0.01	0.01	0.01	0.01
Long Term Loans and Advances	0.04	0.06	0.06	0.07	0.07
Long Term Trade Receivables	0.00	0.00	0.00	0.00	0.00
Other Non Current Assets	0.01	0.01	0.01	0.01	0.00
<b>Current assets</b>	<b>14.49</b>	<b>21.68</b>	<b>26.40</b>	<b>28.38</b>	<b>31.73</b>
Current Investments	0.00	0.00	0.00	0.00	0.00
Inventories	3.36	2.50	2.20	2.44	3.81
Trade Receivables > Six Months	0.02	0.43	0.76	0.51	0.12
Trade Receivables < Six Months	6.38	12.15	13.48	12.14	10.85
Cash and Cash Equivalents	0.20	0.26	1.02	1.52	5.03
Short-Term Loans and Advances	3.46	5.68	8.60	11.63	10.85
Other Current Assets	1.06	0.65	0.35	0.15	1.07
<b>Total Assets</b>	<b>21.07</b>	<b>28.16</b>	<b>32.27</b>	<b>34.14</b>	<b>37.09</b>