

Rating Report

Brickwork Ratings assigns 'BWR B/A4' for the Bank Loan facilities aggregating to ₹ 14.36 Cr of Avmark Polymers Private Limited.

Brickwork **Ratings**¹ (BWR) has assigned the following Ratings² for the Bank Loan Facilities of ₹ 14.36 Cr of Avmark Polymers Private Limited ("APPL" or "the Company"):

Facilities	Amount (Rs. Cr)	Tenure	Rating
Cash Credit (Fund Based)	4.00	Long Term	BWR B Outlook: Stable
Term Loan (Fund Based)	10.36*		
Letter of Credit (Non Fund Based)	(2.00)*	Short Term	BWR A4
Total	14.36	(INR Fourteen Crores and Thirty Six Lakhs only)	

*The Term Loan amount outstanding as on 31 March, 2015.

**Letter of Credit is the sub limit of Cash Credit.

BWR has essentially relied upon the audited financial results of the company upto FY14, projections for FY15 & FY16, publicly available information and information/clarifications provided by the management.

The rating draws strength from the well qualified and entrepreneurial experience of the management in the different types of business, locational advantage of the plant, expected increase in demand and support available from group company Dinesh Oil Limited having established presence in the edible oil industry in Uttar Pradesh. However, the ratings are constrained by limited history of commercial operations, relatively small scale of operations & high leverage, exposure to volatility in raw material prices, the cyclicity inherent in demand of tarapaulin and intense competition as industry is highly fragmented and competitive.

Background:

Avmark Polymers Private Limited was incorporated in March 2013 at Kanpur, Uttar Pradesh and began commercial operations from March, 2014. The company has manufacturing unit in Kanpur and manufactures High Density Polyethylene (HDPE) based Tarapaulin. It is sold under the brand name "Gold Mahor". The company requires raw materials like HDPE granules, filler compounds, LDPE, etc. for production.

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

Ownership & Management:

Mr Prateek Arora, Mr Saurabh Aggarwal and Mr Gaurav Aggarwal are the directors of the Company. Mr Prateek Arora has 32.42 % shareholding and is MBA by qualification having almost 5 years of work experience. Mr Saurabh Aggarwal and Mr Gaurav Aggarwal have 0.31 % and 1.68 % shareholding respectively. Both have around 8 years of work experience and are well qualified. Rest shareholding is held by other family members and relatives.

Financial Performance:

APPL reported net sales of Rs. 0.019 Cr and loss of Rs 0.075 Cr in FY14 for one month of commercial operation. Tangible net worth stood at Rs. 3.19 Crs and debt equity ratio was 2.38 times as on March 31, 2014. On a provisional basis, the company has reported net sales of Rs 7.88 Cr for H1FY15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to achieve its projected revenue, improve its profitability levels, the ability to manage working capital effectively and optimizing its capital structure would be the key rating sensitivities.

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Avmark Polymers Private Limited

Annexure-I

Profit & Loss Account

₹ Crores	FY13	FY14
Result Type	Audited	Audited
Gross Sales	0.0000	0.0190
Excise Duty/Sales Tax	0.0000	0.0029
Net Sales	0.0000	0.0161
Other Operating Income	0.0000	0.0000
Total Operating Income	0.0000	0.0161
Operating Expenses	0.0005	0.1024
OPBDIT	-0.0005	-0.0863
Depreciation/Amortization/Impairment	0.0000	0.0076
OPBIT	-0.0005	-0.0939
Interest and Finance Charges	0.0000	0.0098
OPBT	-0.0005	-0.1037
Non Operating Income(Expenses)	0.0000	0.0101
PBT	-0.0005	-0.0936
Provision for Taxes	0.0000	-0.0187
PAT	-0.0005	-0.0750

Avmark Polymers Private Limited

Annexure-II

Balance Sheet

₹ Crores	FY13	FY14
Result Type	Audited	Audited
LIABILITIES		
EQUITY AND RESERVES	0.0495	3.1945
Share capital	0.0500	3.2700
Reserves and Surplus	-0.0005	-0.0755
Non-current liabilities	0.0020	7.5161
Long-Term Borrowings	0.0020	7.5161
Current liabilities	0.0000	1.2510
Short-Term Borrowings	0.0000	0.0000
Current Portion Of Long Term Debt	0.0000	0.1000
Trade Payables	0.0000	1.0506
Other Current Liabilities	0.0000	0.1003
Total Liabilities	0.0515	11.9616
ASSETS		
Non-current assets	0.0000	8.0627
Net Fixed assets	0.0000	8.0440
Deferred Tax Assets (Net)	0.0000	0.0187
Current assets	0.0515	3.8989
Inventories	0.0000	0.2364
Trade Receivables < Six Months	0.0000	0.0190
Cash and Cash Equivalents	0.0495	0.0067
Short-Term Loans and Advances	0.0000	1.7758
Other Current Assets	0.0019	1.8611
Total Assets	0.0515	11.9616