

April 26, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	11.00	SMERA B+/Stable (Assigned)
Cash Credit	4.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.15.00 crore bank facilities of Avmark Polymers Private Limited (APPL). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, high gearing, low net profitability margins and volatility in raw material prices. The rating is also constrained by the working capital intensive business and intense competition in the fragmented plastic industry. However, the rating draws support from the healthy growth in operating income and experienced promoters.

Outlook-Stable

SMERA believes that APPL will maintain a stable business profile over the medium term owing to the extensive industry experience of the promoters. The outlook may be revised to 'Positive' if the company registers sustained growth in revenues while improving profitability and margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile.

Rating Sensitivity Factors

- Scaling up operations while improving profit margins
- Improving working capital management

About the Company

The Kanpur-based APPL, promoted by Mr. Gaurav Agarwal, Saurabh Agarwal and Mr. Prateek Arora in 2013, is engaged in the manufacture of tarpaulin.

The company reported a net loss of Rs.0.13 crore on revenue of Rs.12.72 crore for FY2015 as against a net loss of Rs.0.07 crore on revenue of Rs.0.02 crore for FY2014.

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