



**Press Release**  
**Aglon Industries Private Limited**  
**September 13, 2023**  
**Rating Reaffirmed and Withdrawn**

| Product                            | Quantum<br>(Rs. Cr) | Long Term Rating                    | Short Term Rating                   |
|------------------------------------|---------------------|-------------------------------------|-------------------------------------|
| Bank Loan Ratings                  | 146.91              | ACUITE BB+   Reaffirmed & Withdrawn | -                                   |
| Bank Loan Ratings                  | 3.79                | Not Applicable   Withdrawn          | -                                   |
| Bank Loan Ratings                  | 3.00                | -                                   | ACUITE A4+   Reaffirmed & Withdrawn |
| Total Outstanding Quantum (Rs. Cr) | 0.00                | -                                   | -                                   |
| Total Withdrawn Quantum (Rs. Cr)   | 153.70              | -                                   | -                                   |

**Rating Rationale**

Acuite has reaffirmed & withdrawn the long term rating of '**ACUITE BB+**' (read as **ACUITE Double B Plus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A Four Plus**) on the Rs.149.91 Cr. bank facilities and has withdrawn the proposed long term rating on the Rs.3.79 Cr bank facilities of Aglon Industries Private Limited (AIPL). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

**Rationale for Rating**

The reaffirmation in ratings are on account of improved financial performance during FY23 (Prov), resulting in stable profitability level and margin. The revenue stood at Rs.1351.72 Cr in FY2023 (Prov) as against Rs.1139.10 Cr in FY2022. Further the rating takes into account moderate financial risk profile, efficient working capital management and adequate liquidity. The group also takes into account established track record of operations of promoter. The above strengths are, however underpinned by margins susceptible to fluctuation in raw material prices, moderate client concentration and highly competitive industry.

**About Company**

Aglon Industries Private Limited (AIPL), is a Surat based company incorporated in 2015 and is jointly owned by Goenka Group promoted by Mr. Vishnu Goenka and Agarwal Group promoted by Mr. Lokpriya Agarwal. The company is engaged in manufacturing of nylon yarn. The manufacturing facility was set up in 2015, however, the production commenced in December 2016. The product profile of the company comprises of variety of nylon yarn such as fully drawn yarn, mother yarn, partially oriented yarn and air textured yarn, among others. The day-to-day operations are managed by Mr. Pradeep Lokpriya Agarwal, Mr. Vinay Lokpriya Agarwal, Mr. Vishnu Tarachand Goenka and Mr. Abhishek Vishnu Goenka.

**About the Group**

APL Corporation Private Limited (Erstwhile Agarwal Fabtex Private Limited), based in Surat, Gujarat, was established in 2002 by Mr Lokpriya Agarwal, Mr. Vinay Agarwal and Mr. Pradeep Agarwal. The group is engaged in trading of yarn, such as polyester, viscose, nylon, viscose

staple and others. The day-to-Day operations are managed by Mr. Pradeep Lokpriya Agarwal, Mr. Vinay Lokpriya Agarwal.

Aglon Impex Private Limited, based in Surat, Gujarat, was established in 2018 by Mr Lokpriya Agarwal, Mr Vinay Agarwal and Mr Pradeep Agarwal. The group is engaged in trading of yarn, such as polyester, viscose, nylon, viscose staple and others. The day-to-Day operations are managed by Mr. Pradeep Lokpriya Agarwal, Mr. Vinay Lokpriya Agarwal, Mr. Vishnu Tarachand Goenka and Mr. Abhishek Vishnu Goenka.

## **Analytical Approach**

### **Extent of Consolidation**

- Full Consolidation

### **Rationale for Consolidation or Parent / Group / Govt. Support**

The team has considered consolidated financial and business risk profile of Aglon Industries Private Limited, and two of its group companies; APL Corporation Private Limited and Aglon Impex Private Limited. The consolidation is in view of common ownership, presence in same line of business, operational linkages and synergy benefits.

## **Key Rating Drivers**

### **Strengths**

#### **Long track record of operations, improvement in operating income and experienced management**

Mr. Vishnu Goenka and Mr. Lokpriya Agarwal, promoters of Aglon Group are into the yarn trading business over four decades. The long track record of operations has enabled group in strong product placement and marketing strength over the years, resulting in healthy business growth. Over the years, the group has also established long standing relationship with dealers, which is paving the way for Aglon group in the form of strong distribution synergies. Although, the group recorded an improvement in operating income of Rs.1351.72 crore in FY23 (Prov) as against Rs.1139.10 crore in FY22, reporting an y-o-y growth of 19%, the operating profit margin witnessed marginal deterioration and stood at 4.00 percent in FY2023 (Prov) as against 4.52 percent in FY2022. Also, the PAT margin stood at 2.02 percent in FY2023 (Prov) as against 2.28 percent in FY2022.

### **Moderate financial risk profile**

The Group's financial risk profile is moderate marked by moderate net worth, moderate gearing and moderate debt protection metrics. The tangible net worth stood at Rs.193.92 Cr in FY2023 (Prov) as against Rs.160.05 Cr in FY2022. The improvement is on account of accretion to reserves. The total debt as on March 31, 2023 (Prov), stood at Rs.239.75 Cr, comprises of long-term borrowings of Rs.74.84 Cr, short-term borrowings of Rs. 116.11 Cr, unsecured loans of Rs.31.58 Cr and CPLTD of Rs.17.22 Cr. The overall gearing stood at 1.24 times as on March 31, 2023 (Prov), as against 0.80 times as on March 31, 2022. The debt protection metrics of the group is moderate marked by interest coverage of 4.79 times in FY2023 (Prov) as against 4.19 times in FY2022. The DSCR stood at 2.33 times in FY2023 (Prov) as against 2.29 times in FY2022. The Debt to EBITDA stood at 4.39 times in FY2023 (Prov) as against 2.39 times in FY2022.

### **Efficient Working Capital Management**

The group's operations are working capital efficient in nature as reflected by GCA days of 105 days as on March 31, 2023 (Prov), as against 99 days as on March 31, 2022. The inventory days stood at 34 days as on March 31, 2023 (Prov), as against 19 days as on March 31, 2022. The Debtor days stood at 57 days in FY2023 (Prov) as against 61 days in FY2022. The creditor days stood at 46 days in FY2023 (Prov) as against 37 days in FY2022. The average utilisation for fund-based limits for the past 06 months ending July 2023 remained at ~30 %.

### **Weaknesses**

#### **Margins susceptible to fluctuation in raw material prices**

Aglon Group's profitability is susceptible to fluctuations in the prices of major raw material i.e. nylon chip, which is a crude oil derivate. As, the operating margin of the group stood at 4.00 percent in FY2023 (Prov) as against 4.52 percent in FY2022. Also, the PAT margin stood at 2.02

percent in FY2023 (Prov) as against 2.28 percent in FY2022. Therefore, any change in crude oil prices would have strong impact on the group's profitability.

### **Moderate client concentration**

The company derives around 70-75% of revenue from top customers and thus has moderate client concentration. The customers are mostly in the form of dealers as they don't directly sell to customer. The company extends credit period of 1-1.5 months to its client. On geographical front, major portion of revenue is derived from Gujarat due to the presence of many textile companies.

### **High competitive intensity although strong presence in the textile hub**

The textile sector is highly fragmented with stiff competitive intensity, which restricts pricing power of the players. More than 80 per cent of Aglon Group's sales are generated from Gujarat (mainly from and around Surat), which is the textile hub of India.

### **Rating Sensitivities**

- Successful execution of project within estimated cost and time, thereby resulting in reduction in power cost
- Improvement in revenue and profitability margins.
- Any delay in execution of project or higher than envisaged debt resulting in elongation of working capital cycle and deterioration in financial risk profile.

### **All Covenants**

Not Available

### **Liquidity Position Adequate**

The Group's liquidity position is adequate, marked by comfortable net cash accruals against the maturing debt obligations. The Group generated sufficient net cash accruals in the range of Rs.27.76-Rs.33.71 Crore from FY2021-23 against its maturity repayment obligations in the range of Rs.6.71-17.22 crore in the same tenure. The working capital management of the company is efficient marked by GCA days of 105 days in FY2023 (Prov) as against 99 days in FY2022. The average working capital utilization for fund-based limits stood at ~30 percent for the last 06 months ending July 2023. The Group maintains unencumbered cash and bank balances of Rs.3.10 crore as on March 31, 2023 (Prov). The current ratio stands at 1.35 times as on March 31, 2023 (Prov), as against 1.78 times as on 31 March, 2022.

### **Outlook:**

Not Applicable

### **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 23 (Provisional) | FY 22 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income              | Rs. Cr. | 1351.72             | 1139.10        |
| PAT                           | Rs. Cr. | 27.25               | 25.97          |
| PAT Margin                    | (%)     | 2.02                | 2.28           |
| Total Debt/Tangible Net Worth | Times   | 1.24                | 0.80           |
| PBDIT/Interest                | Times   | 4.79                | 4.19           |

### Status of non-cooperation with previous CRA (if applicable)

Not Available

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entity: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

| Date        | Name of Instruments/Facilities | Term       | Amount (Rs. Cr) | Rating/Outlook                                       |
|-------------|--------------------------------|------------|-----------------|------------------------------------------------------|
| 03 May 2023 | Term Loan                      | Long Term  | 5.74            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 1.95            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 10.56           | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 3.05            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 4.43            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 1.53            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 59.65           | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Proposed Cash Credit           | Long Term  | 3.79            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 25.00           | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Bank Guarantee                 | Short Term | 2.00            | ACUITE A4+ (Downgraded and Issuer not co-operating*) |
|             | Bank Guarantee                 | Short Term | 1.00            | ACUITE A4+ (Downgraded and Issuer not co-operating*) |
|             | Cash Credit                    | Long Term  | 5.00            | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Cash Credit                    | Long Term  | 20.00           | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
|             | Cash Credit                    | Long Term  | 10.00           | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
| 21 Feb 2022 | Term Loan                      | Long Term  | 25.00           | ACUITE BBB-   Stable (Assigned)                      |
|             | Term Loan                      | Long Term  | 1.95            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Term Loan                      | Long Term  | 5.74            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Term Loan                      | Long Term  | 4.43            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Term Loan                      | Long Term  | 10.56           | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Term Loan                      | Long Term  | 59.65           | ACUITE BBB-   Stable (Assigned)                      |
|             | Term Loan                      | Long Term  | 1.53            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Proposed Cash Credit           | Long Term  | 3.79            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Term Loan                      | Long Term  | 3.05            | ACUITE BBB-   Stable (Assigned)                      |
|             | Cash Credit                    | Long Term  | 10.00           | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Cash Credit                    | Long Term  | 5.00            | ACUITE BBB-   Stable (Reaffirmed)                    |
|             | Cash Credit                    | Long Term  | 20.00           | ACUITE BBB-   Stable (Reaffirmed)                    |
|             |                                | Short      |                 |                                                      |

|             |                      |            |       |                                   |
|-------------|----------------------|------------|-------|-----------------------------------|
|             | Bank Guarantee       | Term       | 1.00  | ACUITE A3 (Reaffirmed)            |
|             | Bank Guarantee       | Short Term | 2.00  | ACUITE A3 (Reaffirmed)            |
| 11 Feb 2022 | Bank Guarantee       | Short Term | 1.00  | ACUITE A3 (Reaffirmed)            |
|             | Cash Credit          | Long Term  | 5.00  | ACUITE BBB-   Stable (Reaffirmed) |
|             | Cash Credit          | Long Term  | 10.00 | ACUITE BBB-   Stable (Reaffirmed) |
|             | Proposed Cash Credit | Long Term  | 9.27  | ACUITE BBB-   Stable (Reaffirmed) |
|             | Term Loan            | Long Term  | 10.56 | ACUITE BBB-   Stable (Reaffirmed) |
|             | Cash Credit          | Long Term  | 20.00 | ACUITE BBB-   Stable (Reaffirmed) |
|             | Term Loan            | Long Term  | 5.74  | ACUITE BBB-   Stable (Reaffirmed) |
|             | Term Loan            | Long Term  | 4.43  | ACUITE BBB-   Stable (Reaffirmed) |
|             | Term Loan            | Long Term  | 12.97 | ACUITE BBB-   Stable (Assigned)   |
| 03 Feb 2021 | Term Loan            | Long Term  | 7.68  | ACUITE BBB-   Stable (Assigned)   |
|             | Term Loan            | Long Term  | 5.47  | ACUITE BBB-   Stable (Assigned)   |
|             | Term Loan            | Long Term  | 3.44  | ACUITE BBB-   Stable (Assigned)   |
|             | Proposed Cash Credit | Long Term  | 0.44  | ACUITE BBB-   Stable (Assigned)   |
|             | Bank Guarantee       | Short Term | 1.00  | ACUITE A3 (Assigned)              |
|             | Cash Credit          | Long Term  | 20.00 | ACUITE BBB-   Stable (Assigned)   |
|             | Cash Credit          | Long Term  | 5.00  | ACUITE BBB-   Stable (Assigned)   |
|             | Cash Credit          | Long Term  | 10.00 | ACUITE BBB-   Stable (Assigned)   |



## Annexure - Details of instruments rated

| Lender's Name         | ISIN           | Facilities           | Date Of Issuance | Coupon Rate    | Maturity Date  | Complexity Level | Quantum (Rs. Cr.) | Rating                              |
|-----------------------|----------------|----------------------|------------------|----------------|----------------|------------------|-------------------|-------------------------------------|
| Cosmos Bank           | Not Applicable | Bank Guarantee (BLR) | Not Applicable   | Not Applicable | Not Applicable | Simple           | 1.00              | ACUITE A4+   Reaffirmed & Withdrawn |
| Central Bank of India | Not Applicable | Bank Guarantee (BLR) | Not Applicable   | Not Applicable | Not Applicable | Simple           | 2.00              | ACUITE A4+   Reaffirmed & Withdrawn |
| State Bank of India   | Not Applicable | Cash Credit          | Not Applicable   | Not Applicable | Not Applicable | Simple           | 10.00             | ACUITE BB+   Reaffirmed & Withdrawn |
| Cosmos Bank           | Not Applicable | Cash Credit          | Not Applicable   | Not Applicable | Not Applicable | Simple           | 20.00             | ACUITE BB+   Reaffirmed & Withdrawn |
| Central Bank of India | Not Applicable | Cash Credit          | Not Applicable   | Not Applicable | Not Applicable | Simple           | 5.00              | ACUITE BB+   Reaffirmed & Withdrawn |
| Not Applicable        | Not Applicable | Proposed Cash Credit | Not Applicable   | Not Applicable | Not Applicable | Simple           | 3.79              | Not Applicable   Withdrawn          |
| Central Bank of India | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 3.05              | ACUITE BB+   Reaffirmed & Withdrawn |
| Central Bank of India | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 1.95              | ACUITE BB+   Reaffirmed & Withdrawn |
| Central Bank of India | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 1.53              | ACUITE BB+   Reaffirmed & Withdrawn |
| Cosmos Bank           | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 10.56             | ACUITE BB+   Reaffirmed & Withdrawn |
| Central Bank of India | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 5.74              | ACUITE BB+   Reaffirmed & Withdrawn |
| State Bank of India   | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 4.43              | ACUITE BB+   Reaffirmed & Withdrawn |
| State Bank of India   | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 59.65             | ACUITE BB+   Reaffirmed & Withdrawn |
| Yes Bank Ltd          | Not Applicable | Term Loan            | Not available    | Not available  | Not available  | Simple           | 25.00             | ACUITE BB+   Reaffirmed & Withdrawn |



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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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