
July 16, 2010

CARE ASSIGNS 'CARE BB' AND 'PR4' RATINGS TO THE BANK FACILITIES OF AGARWAL PACKERS & MOVERS PVT. LTD.

Ratings Assigned

Facilities	Amount (Rs. Crore)	Ratings ¹	Remarks
Long-term Bank Facilities	20.00	'CARE BB' (Double B)	Assigned
Long-term/Short-term Non-fund Bank Facilities	4.00	'CARE BB/PR4' (Double B/PR Four)	Assigned
Total Facilities	24.00		

Rating Rationale

The ratings are constrained by APM's limited track record of operations, low profitability margins and negligible asset base leading to a high dependence on group/other companies for the infrastructure support as well as competition from the unorganized players in the industry.

However, the ratings are supported by the long track record of the promoters in logistics business and established brand in relocation business.

Going forward, successful establishment of APM's own infrastructure, profitably scaling up of operations while maintaining optimum capital structure would be the key rating sensitivities.

Company Profile

Incorporated in 2005, Agarwal Packers & Movers Pvt. Ltd. (APM) was promoted by Mr. Ramesh Agarwal and Mr. Rajendra Agarwal. APM is engaged in the business of packing and moving of goods (household and office relocation) and commercial bulk transportation of goods/merchandise. Since incorporation till FY09, it had negligible operations and these activities were carried out under another group company - DRS Logistics Private Limited (DRSL).

However, in September 2009, business segments such as home relocation, commercial bulk transportation and warehouse services were shifted to APM.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

During FY09, APM earned a total operational income of Rs.0.06 crore with PAT of Rs.0.002 cr. As per the provisional results for FY10, APM reported total operating income of Rs.67.43 crore with PAT of Rs.1.51 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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