India Ratings & Research

Fitch Group

Mr. Pradeep Makkar
Director
Garg Acrylics Limited
Kanganwal Road,
P.O. Jugiana, GT Road,
Ludhiana – 141120 (India)

April 18, 2019

Kind Attn: Mr. Pradeep Makkar, Director

Dear Sir,

Re: Rating Letter for Garg Acrylics Limited

India Ratings and Research (Ind-Ra) has revised Garg Acrylics Limited's (GAL) Outlook to Negative from Stable while affirming its Long-Term Issuer Rating at 'IND BBB+'. The instrument-wise rating actions are as follows:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Long-term loan	INR2,517 (reduced from INR2,819)	IND BBB+/Negative	Affirmed
Fund-based limits	INR3,350	IND BBB+/Negative/IND A2	Affirmed
Non-fund-based limits	INR155	IND BBB+/Negative/IND A2	Affirmed

Details of bank facilities are mentioned in the Annexure.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient

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In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings

Devendra Kumar Pant
Senior Director

Sunil Kumar Sinha
Director

Annexure: Details of Bank Facilities

Figure 1

Long-term Loans as on 28.03.2019

Bank	Rating/Outlook	Outstanding amount (INR million)
Punjab & Sind Bank	IND BBB+/Negative	783
Punjab National Bank	IND BBB+/Negative	998
Oriental Bank of Commerce	IND BBB+/Negative	172
Allahabad Bank	IND BBB+/Negative	285
IDBI Bank	IND BBB+/Negative	280
Total		**2,517**

Source: Ind-Ra, GAL

Figure 2

Fund-Based Working Capital Limits

Bank	Rating/Outlook	Sanctioned amount (INR million)
Punjab & Sind Bank	IND BBB+/ Negative/ IND A2	1,400
Punjab National Bank	IND BBB+/ Negative/ IND A2	790
Oriental Bank of Commerce	IND BBB+/ Negative/ IND A2	220
Allahabad Bank	IND BBB+/ Negative/ IND A2	220
IDBI Bank	IND BBB+/ Negative/ IND A2	220
South Indian Bank	IND BBB+/ Negative/ IND A2	500
Total		**3,350**

Source: Ind-Ra, GAL

Figure 3

Non-Fund-Based Working Capital Limits

Bank	Rating/Outlook	Sanctioned amount (INR million)
Punjab & Sind Bank	IND BBB+/ Negative/ IND A2	2
Punjab National Bank	IND BBB+/ Negative/ IND A2	50
IDBI Limited	IND BBB+/ Negative/ IND A2	100
Allahabad Bank	IND BBB+/ Negative/ IND A2	3
Total		**155**

Source: Ind-Ra, GAL