

## Rating Rationale

Aparna Carbons Private Limited

17<sup>th</sup> July 2017

**Brickwork Ratings reaffirms “BWR BBB (Stable)/ A3” for the Bank Loan facilities aggregating Rs. 27.41 Crs of Aparna Carbons Private Limited (‘ACPL’ or the Company)**

### Particulars

Facility Rated	Amounts (Rs. Crs)		Tenure	Ratings <sup>^</sup>	
	Previous	Present		Previous (16-03-2016)	Present
<b><u>Fund Based</u></b>					
Cash Credit	22.50	22.50	Long Term	BWR BBB Outlook: Stable	BWR BBB (Pronounced BWR Triple B) Outlook: Stable (Re-affirmation)
TL (O/s)*	7.82	4.91			
<b><u>Non Fund Based</u></b>					
(LC/BG) as a sublimit of CC	(1.00)	(1.00)	Short Term	BWR A3	BWR A3 (Pronounced BWR A Three)  (Re-affirmation)
<b>Total</b>	<b>30.32</b>	<b>27.41 (Rupees Twenty Seven Crores And Forty One Lakhs Only)</b>			

<sup>^</sup> Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\* Term Loan Outstanding as on 30<sup>th</sup> June, 2017. Annexure-I provides details of bank wise facilities

### Rating Re-affirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of Aparna Carbons Private Limited upto FY16, provisional financials for FY17, revenue achieved in Q1FY18, projections for FY18, publicly available information and information/clarifications provided by the management.

The ratings continue to derive comfort from the experience of the promoters in coal tar distillation industry, established relationship with reputed clients & suppliers, consistent optimal capacity utilization, capital infusion during FY16 and positive growth trend as depicted from Q1FY18. The ratings, however, are constrained by the moderate scale of operations, revenue de-growth as well as net losses during last two financial years (on account of fall in input and output prices), moderate gearing and coverage indicators, susceptibility of margins to fluctuations in raw material prices and working capital intensive nature of operations on account of high inventory requirements which may lead to inventory losses as reported by the Company in FY16.



Going forward, the Company's ability to increase its scale of operations, improve profitability and coverage metrics and strengthen inventory position to improve the working capital cycle would be the key rating sensitivities.

### **Rating Outlook: Stable**

BWR believes 'ACPL's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

### **About the Company**

Aparna Carbons Private Limited ("ACPL") is a Kolkata based Company, with its registered office in Naipukur, Kolkata. The Company was incorporated in 2003.

The manufacturing unit of the Company is in Durg, Bhilai, Chhattisgarh. 'ACPL' is engaged in manufacturing of Liquid Coal Tar Pitch (LCTP) and its by-products such as Creosote Oils, Naphthalene, Anthracene Oils, De-hydrated Coal Tar and Impregnated Pitch. LCTP produced by distillation of coal tar generally finds uses in industrial and medicinal purposes. The current installed capacity of the Company 29,950 MTPA. Key suppliers include reputed companies such as SAIL, Uttam Galva Metallica Ltd., TISCO, JSPL etc. The clients of the Company are graphite electrode manufacturers such as HEG Limited, SKI Carbon Black (India) Pvt. Ltd., Philips Carbon Black Limited, Graphite India Limited etc.

Mr. Manoj Dhandharia, Mr. Satya Narayan Sureka and Mr. Siddharth Sureka are the current directors of the Company.

### **Financial Performance**

Against operating income of Rs. 69.87 Crs in FY16, 'ACPL' reported operating income of Rs. 72.98 Crs in FY17 (prov). As informed by the Company it has reported revenue of Rs. 24 Crs in Q1FY18. The Company has recovered from Net loss of Rs. 3.51 Crs in FY16 to PAT Rs. 0.23 Crs in FY17 (prov). 'ACPL' had infused capital of Rs. 5.00 Crs (Rs. 1.00 Crs as equity + Rs. 4.00 Crs as security premium) in FY16.

**Rating History for the last three years:**

Sl No.	Instrument/ Facility	Current Rating (July, 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	16/03/ 2016	10/02/ 2015	18/12/ 2013
1.	Fund Based	Long Term	27.41	BWR BBB- (Outlook: Stable)  Re-affirmed	‘BWR BBB’ (Stable)  Reaffirmed	‘BWR BBB’ (Stable)  Upgraded	‘BWR BBB-’ (Stable)  Reaffirmed
2.	Non-Fund Based	Short Term	(1.00)	‘BWR A3’  Reaffirmed	‘BWR A3’  Reaffirmed	‘BWR A3’  Assigned	-

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**Hyperlink/Reference to applicable Criteria:**

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)

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**Aparna Carbons Private Limited**  
**Annexure I – Details of Rated Facilities**

Facility**	Type	Tenure	SBI	IDBI	Total
CC	Fund Based	Long Term	10.00	12.50	<b>22.50</b>
Term Loan (O/s) *			4.91	-	<b>4.91</b>
(LC/BG) as a sublimit of CC	Non Fund Based		-	(1.00)	<b>(1.00)</b>
<b>Total</b>			<b>14.91</b>	<b>12.50</b>	<b>27.41</b>

\* Term Loan Outstanding as on 30th June, 2017.

\*\* Facilities are availed under Multiple Banking Arrangement

**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**DISCLAIMER**

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