

## Rating Rationale

**Brickwork Ratings upgrades the long term rating to 'BWR BB ' from 'BWR BB-' and reaffirms the short term rating of 'BWR A4' for the Banking Facilities of ₹17.00 Cr of APC Drilling & Construction Pvt. Ltd**

Brickwork Ratings (BWR) has upgraded/reaffirmed the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of ₹17 crores of APC Drilling & Construction Pvt Ltd Limited (APCDCPL or ‘the company’)

Facility	Earlier Limits (₹ Cr)	Existing Limits (₹ Cr)	Tenure	Present Rating	Rating History
Fund Based Cash Credit	12.00	12.00	Long Term	Upgraded to <b>BWR BB</b> (Pronounced as <b>BWR Double B</b> ) (Outlook: Stable)	BWR BB- (Pronounced as BWR Double B Minus) (Outlook : Stable) (December 2014)
Non Fund Based Bank Guarantee	5.00	5.00	Short Term	Reaffirmation of <b>BWR A4</b> (Pronounced as <b>BWR A Four</b> )	BWR A4 (Pronounced as BWR A Four)
<b>Total</b>	17.00	17.00	<b>INR Seventeen Crores only.</b>		

BWR has principally relied upon the audited financials upto FY15 and projected financials upto FY17 of APC Drilling and Construction Pvt Ltd, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the experienced management, medium term revenue visibility, sustained operating profit margins and very low gearing for the company. The ratings are, however, constrained by the company's medium scale of operations, weak debt protection metrics and intense competition from the unorganized sector.

### Background:

APC Drilling & Constructions was started as a partnership firm in the year 1999. The firm was into water drilling for more than 9 years. Since 2009, the firm has been diversified its operations into core and diamond drilling for mining companies and it has also collaborated with other companies for sampling & testing soil report. On 6<sup>th</sup> June 2014, the partnership firm was reconstituted into a private limited company.

The company provides services to Government and private players. Company has a skilled work force and the team includes adept engineers from Drilling, Hydraulics, and Mechanical engineering space along with helpers and field workers.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The company focuses on identifying, exploring, evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development in India and in other countries.

**Management Profile:**

Mr.A.Pari, Mr.A. Chandran and Mr Sreenivasan are the Directors to this company and are well experienced in the drilling industry for more than 15 years.

**Financial Performance:**

As per the audited financial statements, the company has achieved sales of Rs. 36.43 crs in FY15 as against Rs. 35.07 crores in FY14, PAT has declined from Rs.2.58 crores in FY14 to Rs.1.67 crores in FY15.

As on FY15, the networth stands at Rs.27.14 crs against total debt of Rs.24.51 crs resulting in a debt equity of 0.90 times as on FY15.

**Rating Outlook**

The outlook of the company is expected to be stable for next one year. Going forward, the company’s ability to execute the order book in a timely manner while sustaining profitability margins, and managing the working capital requirements will be the key rating sensitivity factors.

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