



Rating Rationale

APC Drilling Pvt Ltd

14 Feb 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 5.00 Crores of APC Drilling Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating #	
	Previous	Present		Previous	Present
Fund Based Overdraft	5.00	5.00	Long Term	BWR B Outlook: Stable (Pronounced as BWR Single B)	BWR B- Outlook: Stable (Pronounced as BWR Single B Minus) Downgraded
Total	5.00	5.00	Rs. 5.00 Crores (Rupees Five Crores Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Downgraded

Brickwork Ratings (BWR) has downgraded rating for Bank Loan Facilities of Rs. 5.00 Crs of APC Drilling Pvt Ltd ('APCDPL' or 'the company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY17 and publicly available information and information/clarifications provided by the management.

The rating has factored in, inter-alia, the promoters experience. However, the ratings are constrained by deterioration in APCDPL's financial profile, continuous losses, negative net worth and deteriorating profit margins of the company. Going forward, the ability of the company to improve its sales, profit margins and net worth would be key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoters:** The promoters of the company are well experienced in the water drilling industry and this will continue to support the business.
- **Financial support from the group company:** The financial support from APC drilling and Construction Pvt Ltd alleviates the liquidity concern.



Credit Risks:

- **Consistent decline in revenues:** The revenues have shown a declining trend during FY16 and FY17. The revenue for FY17 stood at Rs. 17.68 Crs against Rs. 31.75 Crs for FY16 and Rs. 47.51 crore for FY15 on account of fewer orders executed in the recent years.
- **Geographically concentrated revenue profile:** Maximum revenue is generated from Tamil Nadu due to which the revenues are geographically concentrated in the state of Tamil Nadu. Any political, social or environment change would substantially impact the profitability of APCDPL.
- **Average scale of operations and weak financial risk profile:** The revenue is decreasing at Rs.17.68 Crs in FY17 as against Rs.31.75 Crs in FY16. The financial risk profile is weak marked by negative net worth of Rs. (7.24) Crs.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **APC Drilling Pvt Ltd** 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 show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

APC Drilling Pvt Ltd was incorporated in the year 2012. The Company is into water drilling activity alone. Mr. A. Pari and Mr. A. Chandran are the promoters of the Company. APC Drilling and Construction Pvt Ltd is a sister concern of the Company which is into all form of drilling viz., core and diamond drilling for mining companies since 2009.

Company Financial Performance

The company reported total revenues from operations of Rs.17.68 Crs in FY17 against Rs.31.75 Crs in FY16.

Rating History for the last three years

S. No	Instrument /Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2016 (Downgrade)	2015 (Assigned)	2014



1	Fund Based	Long Term	5.00	BWR B- Outlook: Stable (Pronounced as BWR Double B Minus) (Downgrade)	BWR B Outlook: Stable (Pronounced as BWR Double B)	BWR B+ Outlook: Stable (Pronounced as BWR Double B Plus)	-
Total			5.00	₹5.00 Crs (Rupees Five Crores Only)			

Status of non-cooperation with previous CRA-NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Operating Revenue	Crore	17.68	31.75
EBITDA	Crore	(0.09)	2.02
PAT	Crore	(4.59)	(3.49)
Tangible Net worth	Crore	(7.24)	(2.65)
Total Debt/Tangible Net worth	Times	(3.48)	(10.14)
Current Ratio	Times	1.37	1.73

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)



Analytical Contacts	Media
Vipula Sharma DGM-Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 Investors queries can be sent to 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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.