

Rating Rationale

Brickwork Ratings downgrades the rating to BWR B for the Bank Loan Facility aggregating ₹ 5.00 Cr of APC Drilling Pvt. Ltd.

Brickwork Ratings on review downgrades **Rating¹** for the bank loan facilities of APC Drilling Pvt Ltd.

Fund Based Facility	Previous Limits (₹ Cr)	Existing Limits (₹ Cr)	Previous Rating 2 January, 2015	Existing Rating
Long Term Over Draft	5.00	5.00	BWR B+ (Pronounced as BWR B Plus) (Outlook-Stable)	BWR B (Pronounced BWR B) (Outlook-Stable) (Down-gradation)
Total	5.00	5.00	INR Five Crores Only	

BWR has essentially relied upon audited financial results up to FY15, projections for FY 16 & FY 17, publicly available information and information provided by the management.

The rating continues to be constrained by modest scale of operations, declined margins in FY 15, low networth resulting in high gearing level and intense competition from unorganised sector. However, the rating also continues to factor Promoter's experience, improved coverage ratios and growing demand for the business.

Background:

APC Drilling Pvt Ltd established 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 & Construction Pvt Ltd – a sister concern which is into all forms of drilling viz., core and diamond drilling for mining companies since 2009. The crew members conduct a thorough research on the worksite taking into account the ecological factors along with health and safety of employees so as to avoid environmental damage.

Financial Performance:

The revenues from operations has increased to ₹47.28 Crs in FY15 from ₹28.57 Crs in FY14. The operating profit margin stood at 10.62 percent in FY 15. Analysed tangible networth reported at ₹6.92 Crs as on 31st March, 2015.

Rating Outlook:

APC Drilling Pvt Ltd's performance over the next year is expected to be stable. Going forward, the company's ability to scale up its operations, improve margins and rationalize capital

¹ Please refer to www.brickworkratings.com for definition of the Ratings

structure by infusion of funds will be the key rating sensitivities.

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