



Rating Rationale

APC Drilling & Construction Pvt Ltd

10 Aug 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 22.00 Crores of APC Drilling & Construction Pvt. Ltd.(APCDC or Company)

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2017)	Present
Fund based	12.00	12.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable Upgraded
Non Fund Based	8.00	10.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	20.00	22.00	INR Twenty Two Crores Only		

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

Complete details of Bank facilities is provided in Annexure-I

Note : The present rating is based on standalone financials of the company

Ratings: Long term Rating Upgraded and short term rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY17, CA certified provisional financials of FY18, publicly available information and information/clarifications as shared by the Company's management.

The ratings have factored in the promoters' experience in the industry, healthy net worth, improved revenue and profit margins. The ratings, however, are constrained by the moderate scale of operations of

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the Company, stressed working capital cycle, Gap risk, working capital intensive nature of business and competition from other organized players in the industry.

Going forward, the ability of the Company to further improve its revenue by improving its order book position and manage its working capital cycle efficiently would be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

- Promoters' of the Company has two decades of experience in the same line of business, net worth is ₹ 41.27 Cr as per provisional FY18, revenue increased from ₹ 27.33 Cr in FY17 to ₹37.37 in FY18, operating profit margin increased from 18.62% in FY17 to 26.31% in FY18 and net profit margin increased from negative at 0.98% to 8.78% in FY18.

- **Credit Risks:**

- Moderate scale of operations with average operating income of Rs 34.3 Crs in the last 3 years and stressed working capital cycle with receivables days of 283 days in FY17. , Gap risk between provisional and audited financials data of FY 18

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 & Construction 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 and Construction Pvt Ltd, incorporated on 6th June 2014, is located in Namakkal (Tamil Nadu). The company is engaged in core and diamond drilling for mining companies and has collaborated with other companies for sampling and testing of soil reports. Mr. A Pari, Mr. A Chandran, and Mr. Sreenivasan are the Directors of the Company.

Company Financial Performance

As per audited financials FY17, total operating income of the Company has declined from ₹ 38.27 Cr in FY16 to ₹ 27.33 Cr in FY17 and increased to Rs 37.37Crs as per provisional FY18. Operating profit, however, has increased from ₹ 4.40 Cr in FY16 to ₹ 5.09 Cr in FY17 to Rs9.83 Crs in FY18. Company incurred loss of ₹ 0.27 Cr in FY17 as against the net profit of ₹ 0.55 Cr in FY16 and increased to Rs 3.28 Crs in FY18 .APCDC has non current investments of Rs 5.25 Crs as at FY18 related to the investment in their subsidiary companies, the details of which have not been provided

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Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	19.6.2017	17.6.2016	2.1.2015
1.	Fund Based	Long Term	12.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
2.	Non Fund Based	Short Term	10.00	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
	Total		22.00	₹ Twenty Two Crores Only			

Status of non-cooperation with previous CRA - Not Applicable

Any other information - None

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹	27.33	38.27
EBITDA	₹	5.09	4.40
PAT	₹	-0.27	0.55
Tangible Net worth	₹	37.99	37.84
Total Debt/Tangible Net worth	Times	0.56	0.52
Current Ratio	Times	1.57	1.82

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Hyperlink/Reference to applicable Criteria

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

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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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.

Annexure - I

Name of the Bank	Facilities	Tenure	Amount (₹ Cr) June, 2017	Amount (₹ Cr)
Tamilnad Mercantile Bank	Overdraft	Long Term	12.00	12.00
	Bank Guarantee	Short Term	8.00	10.00
Total			20.00	22.00

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