

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' ratings for Bank Loan facilities aggregating to ₹51.75 Cr of Aditya Coke Pvt Ltd (ACPL).

Brickwork Ratings has assigned following **Rating¹** for Bank Loan facilities amounting to ₹ 51.75 Cr of Aditya Coke Pvt Ltd (ACPL).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based Term Loan	8.00	Long Term	BWR B (Pronounced as BWR Single B) (Outlook-Stable)
Fund Based Cash Credit	12.75		
Non Fund Based Letter of Credit	16.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Non Fund Based Bill Discounting	15.00		
Total	51.75	INR Fifty One Crores and Seventy Five Lakhs only	

BWR has principally relied upon the audited financial results upto FY14, projections upto FY16, information / clarifications provided by the company from time to time.

The rating has, inter alia, factored in the competence and significant track record of management in the Coal and Coke Business, strong support from the promoters, forward and backward linkages with its subsidiaries and established market position. The rating is however constrained by the negative profit margins, negative debt servicing indicators, high gearing due to low Networth; inherent risks associated with the coal/coke business, dependency on the parent company for debt servicing and stressed liquidity position due to delayed realization of receivables.

Background:

Aditya Coke Pvt. Ltd. was incorporated in 2000 with an installed capacity to produce 96,000 MTPA production capacity of Low Ash Metallurgical (LAM) coke plant at Vill. Chopadva, Taluka Bhachau, Dist. Kutch, in the State of Gujarat. The company started its commercial production in the year 2006-07. Aditya Coke Pvt Ltd which was earlier held by Scorpio Energy Resources (P) Ltd, Haldia Coke and Chemicals Pvt Ltd acquired 88% of the shares in 2013-14 through Share Purchase Agreements for a value of Rs. 50.50 crores.

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

Financial Performance:

During FY14, the net sales decreased to ₹ 283.27 Crores from ₹ 311.97 Crores in the previous year. The company's Net profit margin has decreased from -4.93% to -8.47 % in FY 14. Debt equity ratio has increased from 0.39 times in FY13 to 4.32 times in FY14 due to increased borrowings and decrease in net worth due to previous losses. The tangible net-worth stood at Rs. 10.80 crores as on 31-3-2014.

The operations have been stabilized and completely taken over by personnel of HCCPL and are expected to breakeven in FY15.

As per the unaudited financials for the quarter ended on 31st December 2014, the company has achieved a turnover of Rs 273.45crs and reported a PAT of Rs 1.01crs.

Rating Outlook:

The rating reflects the position of the company in the Coal industry, experienced and competent management, strong forward and backward integration and the promoter Group support. Going forward, the company's ability to achieve breakeven by achieving projected revenues and improve its profit margins, debt servicing metrics and liquidity position and maintain operational efficiencies in the highly fragmented and regulated coal/coke business will be key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.