



## Rating Rationale

Akula Boards Private Limited

22 March 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 14.00 Crores of M/s Akula Boards Private Limited.

### Particulars

Facility Rated	Amount (₹ Cr)	Tenure	Rating*
	Present		Present
<b>Fund Based</b> Cash Credit	<b>11.00</b>	<b>Long Term</b>	<b>BWR B+</b> (BWR Single B Plus) <b>Outlook: Stable</b>
<b>Fund Based</b> Stand by Line of Credit (SLC)	<b>1.00</b>	<b>Short Term</b>	<b>BWR A4</b> (BWR A Four)
<b>Non-Fund Based</b> Letter of Credit	<b>2.00</b>	<b>Short Term</b>	
<b>Total</b>	<b>14.00</b>	<b>(Rupees Fourteen Crores Only)</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Assigned:

Brickwork Ratings assigns 'BWR B+' to the long term facilities and "A4" to the short term facilities of M/s Akula Boards Private Limited.

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY16, publicly available information and information provided by the Company's management.

The ratings continue to derive its strength from extensive experience of directors in paper industry, long standing relationship with clientele, Y-o-Y growth in revenue, moderate financial risk profile and above average debt protection metrics. However, the ratings are constrained by high gearing, decline in profitability margins, inadequate liquidity position, working capital intensive nature of business, price fluctuation risk associated with raw materials, intense competition from other writing & news printing paper manufacturers in its vicinity and highly stringent norms of Pollution Board in Paper Industry affecting the production.



### Rating Outlook: Stable

BWR believes that the business risk profile of M/s Akula Boards Private Limited 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

M/s Akula Boards Private Limited was established in the year 1998 at Tanuku, Andhra Pradesh. The Company is engaged in manufacturing of writing & news printing paper using waste paper as raw material. The Company is managed by Couple Mr. Akula G V V Naga Satyanarayana (Managing Director) and Mrs. Akula Vani Kumari. Both directors of the Company have more than 15 years of experience in paper industry. The installed capacity of the company is 45 MT per day with ~90% utilization. Major customers of Company are from Orissa, West Bengal and surrounding regions of Tanuku. Company procures waste paper from Hyderabad and other raw materials from local markets of Tanuku. The Company is working in three shifts with ~ 250 employees. M/s Akula Enterprises Pvt Ltd and M/s Raviraj Enterprises Pvt Ltd are group associates of the Company.

### Firm's Financial Performance

The operating income of the Company was at ₹ 40.99 Crores in FY16 against ₹ 35.66 Crores in FY15. Firm has reported net profit of ₹ 0.18 Crores in FY16 against ₹ 0.20 Crores in FY15. The tangible net worth of firm stood at ₹ 9.11 Crores in FY16 against ₹ 8.93 Crores in FY15.

### Rating History for the last three years (including withdrawn/suspended ratings)

Instrument/Facility	Current Rating (2017)			Rating History		
	Type	Amount (₹ Cr)	Rating	2016	2015	2014
<b>Fund Based Cash Credit</b>	<b>Long Term</b>	<b>11.00</b>	<b>BWR B+</b> (BWR Single B Plus) <b>Outlook: Stable</b>	-	-	-
<b>Fund Based SLC</b>	<b>Short Term</b>	<b>1.00</b>	<b>BWR A4</b> (BWR A Four)			
<b>Non-Fund Based Letter of Credit</b>		<b>2.00</b>				



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 9, 30, 000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### DISCLAIMER

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