



## Rating Rationale

### Aparna Carbons Pvt. Ltd.

18 Oct 2019

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹ 21.02 Crores of Aparna Carbons Pvt. Ltd.

#### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jul 2018)	Present
<b>Fund Based</b>	27.98	<b>21.02</b>	<b>Long Term</b>	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable)	<b>BWR BBB+</b> <b>(Pronounced as BWR Triple B Plus)</b> <b>(Outlook: Stable)</b> <b>(Upgraded)</b>
<b>Non Fund Based</b>	(1.00)	<b>(1.00)</b>	<b>Short Term</b>	BWR A3 (Pronounced as BWR A Three)	<b>BWR A2</b> <b>(Pronounced as BWR A Two)</b> <b>(Upgraded)</b>
<b>Total</b>	27.98	<b>21.02</b>	<b>INR Twenty One Crores and Two Lakhs Only</b>		

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

\*\* Details of Bank facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings has upgraded the long-term rating to BWR BBB+ with Stable Outlook and the short-term rating to BWR A2.

The rating upgrade has factored, inter alia, long existence of the company for 16 years, revenue growth of the Company in FY19, improvement in tangible net worth, comfortable gearing level in FY19 and overall improvement in its financial health, apart from Directors's experience in the industry and established relationships with customers. The rating, however, is constrained by modest scale of operations, working capital intensive nature of business operations, volatility in raw material prices and intense competition from other established players in the industry. The



rating has been assigned a stable outlook considering the enhanced revenue scale of the company while maintaining moderate profit margins and its resultant effect in its improved capital structure and coverage metrics.

### KEY RATING DRIVERS

BWR has essentially relied upon the audited financial results up to FY19 of Aparna Carbons Pvt Ltd, publicly available information and information/clarification provided by the Company's management.

#### Credit Strengths :

- **Experienced and Qualified Management :**  
The company is run by a professional management team with all the directors having significant experience in coal tar manufacturing business.
- **Long Existence of the Company :**  
The Company is in existence for 16 years with satisfactory business history.
- **Year on Year Growth in Revenue :**  
The revenue of the company is in increasing trend for the last three years. The company has registered a total operating income of Rs. 164.81 Crores in FY19 as against Rs. 104.03 Crores in FY18. As per the information provided by the management, the company has achieved Sales of Rs. 74.30 Crores in 6 months (April-2019 to Sep-2019) in FY20.
- **Established Relationship with well recognised Customers:**  
The company has a long standing relationship with well recognized customers like HEG Limited, Graphite India Limited, Philips Carbon Black Limited, etc with regular orders.
- **Improved Gearing:**  
The company has maintained low gearing with total debt to tangible net worth of 0.95 times in FY19 as against 1.32 times in FY18.

#### Credit Weaknesses :

- **Moderate Profit Margins :** The company has generated moderate profit margins with Net Profit Margin of 2.11% and Operating Profit Margin of 5.73% in FY19.
- **Intensely Competitive Industry:**  
Being present in an industry with presence of number of large and established players, the Company is exposed to intense competition, which may limit its pricing flexibility and bargaining power with customers.

### ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA



For arriving at its ratings, BWR has considered the standalone performance of Aparna Carbons Pvt. Ltd. and has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

### **RATING SENSITIVITIES**

Going forward, the ability of the company to sustain the steady growth in revenue while improving the profit margins and manage the working capital requirements efficiently would be the key rating sensitivities.

**Positive:** The rating may be positively revised if there is further growth in revenue while maintaining a healthy overall financial profile.

**Negative:** The rating may be adversely affected if there is deterioration in capital structure and profitability margins of the company.

### **LIQUIDITY POSITION**

The Company's liquidity position is adequate. The debt profile of the company majorly consists of working capital facilities. The net cash accruals to total debt has improved from 0.08 times in FY18 to 0.17 times in FY19. Current ratio stands moderate at 1.68 times in FY19. The company has a cash and cash equivalents of ₹ 2.93 Crores as on 31 March 2019.

### **COMPANY PROFILE**

Aparna Carbons Private Limited was incorporated in 2003 with registered office in Kolkata, West Bengal. The company has three directors namely Mr. Siddharth Sureka, Mr. Satya Narayan Sureka and Mr. Manoj Dhandharia. The Company is engaged in manufacturing of Liquid Coal Tar Pitch (LCTP) and its by-products such as Creosote Oil, Naphthalene, Anthracene Oil, Dehydrated Coal Tar and Impregnated Pitch, etc. The Company has its manufacturing unit located in Bhilai, Chhattisgarh with production capacity of 29950 MTPA. The major customers of the company are graphite electrode manufacturers.

### **KEY FINANCIAL INDICATORS**

Key Parameters	Units	FY18	FY19
Result Type		(Audited)	(Audited)
Total Operating Income	Rs. Crores	104.03	164.81
EBITDA	Rs. Crores	7.59	9.45
PAT	Rs. Crores	1.16	3.48
Tangible Net Worth (TNW)	Rs. Crores	27.93	31.21
Total Debt : TNW	Times	1.32	0.95
Current Ratio	Times	1.63	1.68



**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : Nil  
RATING HISTORY**

Sl. No.	Facility	Current Rating (2019)			Rating History		
		Type	Amount (Rs. Crs)	Rating	27 Jul 2018	17 Jul 2017	16 Mar 2016
1	Fund Based	Long Term	21.02	<b>BWR BBB+ (Pronounced as BWR Triple B Plus) Outlook: Stable (Upgraded)</b>	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable
2	Non Fund Based	Short Term	(1.00)	<b>BWR A2 (Pronounced as BWR A Two) (Upgraded)</b>	BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three)
<b>Total</b>			<b>21.02</b>	<b>INR Twenty One Crores and Two Lakhs Only</b>			

**Complexity Levels of the Instruments :**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

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



For any other criteria obtain hyperlinks from website

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**Aparna Carbons Pvt. Ltd.**  
**Annexure - I**

**Details of Bank Facilities rated**

Sl. No.	Name of the Bank	Type of Facilities	Long Term [Rs. Cr]	Short Term [Rs. Cr]	Total [Rs. Cr]
1	State Bank of India	Cash Credit	8.00	0.00	8.00
		Term Loan	0.52	0.00	0.52
2	IDBI Bank	Cash Credit	12.50	0.00	12.50
		Bank Guarantee (Sub-limit of Cash Credit)	(1.00)	0.00	(1.00)
<b>TOTAL : INR Twenty One Crores and Two Lakhs Only</b>					<b>21.02</b>



### **For print and digital media**

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