

## Rating Rationale

### Brickwork Ratings upgrades/assigns rating of 'BWR BBB'/'BWR A3' for Bank Credit facilities of ₹ 27.16 Crores of Aparna Carbons Pvt. Ltd (ACPL).

Brickwork Ratings (BWR) has upgraded/assigned the **Ratings**<sup>1</sup> of BWR BBB/A3 for bank credit facilities of ₹ 27.16 crores of Aparna Carbons Pvt. Ltd (ACPL).

Facility	Previous Limits ( ₹ Cr)	Present Limits ( ₹ Cr)	Tenure	Previous Ratings	Present Ratings
Fund Based:					
CC	17.50	17.50	Long Term	<b>BWR BBB-</b> (Pronounced BWR Triple B Minus) <b>(Outlook: Stable)</b>	<b>BWR BBB</b> (Pronounced BWR Triple B) <b>(Outlook: Stable)</b>
TL	13.00	9.66			
NFB: **LC BG		(1.00) (1.00)	Short Term		<b>BWR A3</b> (Pronounced BWR A Three)
<b>Total</b>	<b>30.50</b>	<b>27.16</b>	<b>INR Twenty Seven Crores and Sixteen lakhs Only</b>		

\*\* LC & BG are Sub-limits of CC

BWR has principally relied upon the audited financial results up to FY14, projected financials of FY15, publicly available information and information/clarification provided by the Company.

The rating has factored, inter alia, the promoters experience in the Industry, increase in the capacity utilization, growth registered in the turnover, regular capital infusion leading to comfortable net worth position, and strong servicing capacities. However, the rating is constrained by moderate profitability margins; vulnerability associated with raw material prices and fragmented nature of the Industry.

## Background

Kolkata based Aparna Carbons Private Limited (ACPL) was incorporated on 16.01.2003. The commercial production of the Company commenced in January, 2004. The Company is in the

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

business of manufacturing Coal Chemicals and its principal products are Coal Tar Pitch, Dehydrated Coal Tar and Creosote Oil.

ACPL has successfully developed impregnating grade of Coal Tar Pitch, a product very few producers world over could produce successfully. The company has production capacity of 30,000 MT p.a. of coal chemicals. Coal Tar is the basic raw material required for production.

### Management Profile

The Company was promoted by Mr. Radhe Shyam Dhandharia & Mr. Satya Narayan Sureka and later joined by Mr. Manoj Dhandharia & Mr. Siddharth Sureka. Mr. Radheshyam Dhandharia has experience of over five decades in various industries.

### Financial Performance

During FY14, the Company reported a turnover of ₹ 118.88 Crs against a turnover of ₹ 84.66 Crs in FY13; registering a strong growth of around 40% during the year. PAT was at ₹ 1.38 Crs for FY14. The company had a net worth of ₹ 26.38 Crs as on FY14. The promoters have infused further capital in FY15 to the tune of ₹ 6.27 Crs which will improve the gearing level over the medium term.. Interest Coverage Ratio improved to 2.06x in FY14 from 1.80x in FY13. Although ACPL's inventory days are high at 118 days; which causes stretched working capital position for the Company; receivable and days are comfortable at 37 days and 17 days respectively. As on 30<sup>th</sup> December, 2014, Company achieved a turnover of ₹ 105 Crs which is in line with the projected revenues.

### Rating Outlook

Company's operations over the next year are expected to be stable. Being a raw material intensive business where prices are volatile, the Company's profitability is linked to their ability to pass it on to end consumers. High level of inventory position also increases working capital requirements, and consequently interest costs. Hence, achieving the projected levels of revenues and profitability, ability to manage raw material price risk and manage working capital efficiently are the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**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.