

Rating Rationale

Brickwork Ratings reaffirms the ratings at 'BWR C+' for Bank Loan Facilities of Aura Paper Industries India Private Limited.

Brickwork Ratings has reaffirmed the following **Ratings¹** for Bank Loan facilities of **Aura Paper Industries India Private Limited**:

Facility	Previous Limits (₹ Crores)	Present Limit (₹ Crores)	Tenure	Previous Rating (August 2014)	Present Rating
<u>Fund Based</u> Cash Credit	2.00	2.00	Long Term	BWR C+ (Pronounced BWR C plus)	Reaffirmed at BWR C+ (Pronounced BWR C plus)
Term Loan	4.42	2.09			
<u>Non Fund Based</u> Letter of Credit	1.20	1.60	Short Term	BWR A4 (Pronounced BWR A four)	Reaffirmed at BWR A4 (Pronounced BWR A four)
Bank Guarantee	0.50	0.10			
Total	8.12	5.79	INR Five Crores and Seventy Nine Lakhs Only		

The Term Loan o/s as on June 1, 2016

BWR has principally relied upon the audited financials of upto FY15, provisional 10MFY16, protections upto FY17 and publicly available information and information/clarifications provided by the company's management.

The rating continues to factor, promoters experience, technical and financial support by the Tomoegawa Co. Ltd, comfortable gearing level, improvement in the customer base. However, the rating is constrained by small scale of operations, accumulated losses, negative cash accruals, weak debt service coverage ratios, stretched liquidity position marked by increasing payable and receivable days and cyclical and fragmented industry.

Background:

Aura Paper Industries (India) Private Limited (APIIPL) was incorporated in December 2006 and commercial production was started in 2010, promoted by Mr Kiran Chitturi. The Company is involved in manufacturing of Electrical grade Insulation Kraft Paper (IKP), which is used in transformers conductor insulation, coil insulation, bushing insulation and crepe base paper.

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

The Company's manufacturing unit is located at Patancheru, Hyderabad. It has an installed capacity of 4500 tonnes per annum. During January 2012, Tomoegawa Co. Ltd has acquired equity stake in the Company. Mr. Kenichi Miyamoto, Mr. Raghavulu Venkata Chitturi, Mr. Kiran Chitturi, Mr. Akiyoshi Shima are the Directors of the company.

Financial Performance:

The net sales from operations is ₹10.23 crores in FY15 as compared to ₹5.51 crores in FY14. The operating deficit is ₹0.97 crores in FY15 against ₹1.57 crores in FY14. The net loss is ₹2.91 crores in FY15 against ₹4.72 crores in FY14. Tangible net worth of the company stood at ₹19.91 crores as on March 31, 2015.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward the ability of the company to enhance scale of operations and customer base, improve its order book position, and manage working capital effectively shall be the key rating sensitivities.

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