

## Press Release

Aplab Limited

May 22, 2018

Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 81.00 Cr.
<b>Long Term Rating</b>	SMERA D
<b>Short Term Rating</b>	SMERA D

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed long-term rating and short term rating of '**SMERA D**' (read as **SMERA D**) on the Rs.81.00 crore bank facilities of Aplab Limited.

Aplab Limited (AL) was incorporated in 1962 by Mr. P.S Deodhar and is engaged as a manufacturer for Test & Measurement instruments. Originally, the company was called as Applied Electronics Limited which later on went on to be called as Applied Electronics Lab before the name was finally changed to Aplab Limited. The primary business activity involves manufacturing of electrical/electronic equipment and devices. In 2000, Zee Entertainment Enterprises Limited acquired 26 percent stake in the company. The company has reputed clientele such as Hindustan Aeronautics Limited, Bharat Electronics Limited, L&T Limited to name a few.

### Key Rating Drivers

#### Strengths:

- **Experienced management**

The rating draws comfort from the experienced management lead by Mr. P.S Deodhar who possess more than four decades of experience in the industry.

#### Weaknesses:

- **Delay in debt servicing**

AL has been facing significant liquidity pressure on account of delayed realisation from its receivables which has impeded its ability to meet the debt obligation in a timely manner. The account has been persistently irregular on account of delay in debt servicing with regards to term loan interest and principal payments and hence the account has been classified as a Non Performing Asset (NPA) by its bankers.

- **Weak financial risk profile**

The financial risk profile of the company is weak marked by negative tangible net worth of Rs.18.06 crore as on 31 March, 2017 as against negative tangible net worth of Rs.5.61 crore as on 31 March, 2016 due to net loss in both financial years. The gearing stood negative as well. The total debt of Rs.88.33 crore outstanding as on 31 March, 2017 comprises of Rs.23.94 crore as term loan from bank (includes Rs.11.77crore as CPLTD) and Rs.64.39 crore as working capital borrowing from the bank. The Interest Coverage Ratio improved to 0.03 times in FY2017 as against (0.42) times in FY2016. The net cash accruals stood negative at Rs.10.89 crore in FY2017 as against negative net cash accruals of Rs.15.97 crore in FY2016.

### Analytical Approach:

SMERA has considered the standalone business and financial risk profile of AL to arrive at the rating.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	72.31	71.25	74.28
EBITDA	Rs. Cr.	-1.00	-5.33	-2.45
PAT	Rs. Cr.	-12.45	-17.59	-14.43
EBITDA Margin	(%)	-1.38	-7.49	-3.30
PAT Margin	(%)	-17.22	-24.69	-19.42
ROCE	(%)	-1.56	-7.16	-8.69
Total Debt/Tangible Net Worth	Times	-4.89	-16.85	6.40
PBDIT/Interest	Times	0.03	-0.42	-0.17
Total Debt/PBDIT	Times	280.61	-20.00	-41.31
Gross Current Assets (Days)	Days	300	363	343

### Status of non-cooperation with previous CRA (if applicable):

None

### Any other information:

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
31-Oct-2017	Term Loan	Long Term	2.00	SMERA D Issuer not co-operating*
	Term Loan	Long Term	6.00	SMERA D Issuer not co-operating*
	Term Loan	Long Term	4.00	SMERA D Issuer not co-operating*
	Cash Credit	Long Term	26.00	SMERA D Issuer not co-operating*
	Bills Discounting	Short Term	11.00	SMERA D Issuer not co-operating*
	Letter of Credit	Short Term	10.00	SMERA D Issuer not co-operating*
	Bank Guarantee	Short Term	22.00	SMERA D Issuer not co-operating*

24-Aug-2016	Term Loan	Long Term	2.00	SMERA D (Assigned)
	Term Loan	Long Term	6.00	SMERA D (Assigned)
	Term Loan	Long Term	4.00	SMERA D (Assigned)
	Cash Credit	Long Term	26.00	SMERA D (Assigned)
	Bills Discounting	Short Term	11.00	SMERA D (Assigned)
	Letter of Credit	Short Term	10.00	SMERA D (Assigned)
	Bank Guarantee	Short Term	22.00	SMERA D (Assigned)

*\*Issuer did not co-operate based on best available information*

**\*Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	26.00	SMERA D (Reaffirmed)
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	11.00	SMERA D (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA D (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	22.00	SMERA D (Reaffirmed)

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## ABOUT SMERA

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