

Press Release

05 April, 2017

Apkon Crushers

Rating Assigned

Total Bank Facilities Rated *	Rs.10.00 Cr
Long Term Rating	SMERA B+ / Outlook: Stable

Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 10.00 crore bank facilities of Apkon Crushers. The outlook is '**Stable**'.

Apkon Crushers (AC) is a Karnataka-based proprietorship firm promoted by Mrs. Asha Prasanna Kumra, Mr. B.N. Prasanna Kumar and Mr. Vikram Bavikatte in 1992 and converted to a partnership firm in 2008. The firm is engaged in the crushing of white -grey metal stone and manufacturing of sand and stone jelly.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

AC was set up as a proprietorship firm in 1992. The promoters possess extensive experience in the industry.

- **Comfortable working capital cycle**

The firm has comfortable working capital cycle evident from its GCA of 107 days in FY2015-16. The working capital cycle stood at 61 days in FY2015-16. Further, the cash credit utilisation has been around 95 percent.

- **Healthy financial risk profile**

AC has healthy financial risk profile marked by gearing of 1.12 times as on 31 March 2016 compared to 0.22 times as on March 31, 2015. The increase in the gearing is on account of cash credit facility availed in FY2016. The interest coverage has been 9.81 times in FY2016 compared to 7.99 in FY2015. The net worth stood at Rs. 9.85 cr. as on March 31, 2016 as against Rs. 5.05 cr. as on March 31, 2015.

Weaknesses

- **Moderate scale of operations**

The scale of operations of the firm is moderate inspite of business commencing from 1992. The operating income stood at Rs.47.86 cr. in FY2016 as compared to Rs.36.42 cr. in FY2015.

- **Declining operating margins**

AC's operating margins declined from FY2014 to FY2016. In FY2016 the margins were 1.84 percent as compared to 1.90 percent in FY2015 on account of increase in the royalty paid to Karnataka Government.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the entity.

Outlook: Stable

SMERA believes that AC will maintain a stable outlook over the medium term on account of its experienced management. The outlook may be revised to Positive in case the firm's revenue increases significantly backed by improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile or working capital management.

About the Rated Entity - Key Financials

For FY2015-16, the firm reported profit after tax (PAT) of Rs.0.19 cr. on operating income of Rs.47.86 cr, as compared to PAT of Rs.0.12 cr. on operating income of Rs.36.42 cr. in the previous year. The net worth stood at Rs 9.52 cr. as on March 31, 2016 against Rs. 5.05 cr. as on March 31, 2015.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B+ / Stable

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ABOUT SMERA

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