



Press Release
APRA ENTERPRISES
August 02, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	27.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	45.00	-	-

Rating Rationale

Acuite has assigned its long term rating of **"ACUITE BB+ "(read as ACUITE double B plus)** and short term rating of **"ACUITE A4+ "(read as ACUITE A four plus)** on the Rs 45 Cr bank facilities of Apra Enterprises (AE). The outlook is **'Stable'**.

Rationale for Rating

The rating takes into account the established track record of operations of more than three decades along with experienced management which is also reflected from its growing revenue trend. The revenue of the company has increased by 72% in FY 2022 and stood at Rs 422.96 Cr in FY 2022 as against Rs 246.09 Cr in FY 2021. However, revenue has been moderated in FY 2023 (Prov.) which stood at Rs.351.09 Crore. Further, the rating factors in the moderate financial risk profile characterized by low gearing and moderate debt protection metrics. However, these strengths are partly offset by the working capital intensive nature of operations and vulnerability in the margins due to fluctuations in the raw material prices.

About Company

Established in 1985 as a proprietorship by Mr. Anil Bajaria, Apra Enterprises (AE) trades in numerous petrochemicals such as methanol, acetone, toluene, xylene, acetic acid, N Heptane, Styrene Monomer, alpha picoline, acetonitrile, among others. The Mumbai-based firm is managed by Mr. Anil Bajaria and his son, Mr. Viraj Bajaria. The firm caters majorly to industries such as pharmaceutical where the end use of these chemicals is for the production of active pharmaceutical ingredients, followed by paint, ink, wood and laminates, speciality chemical, among others.

About the Group

Mumbai based Apra Innovative Private Limited (AIPL) is incorporated in 2021. The Company is engaged into Trading of Chemicals. Has a sister concern with Apra Enterprises. Managed by Mr. Anil Bajaria and Mr. Viraj Bajaria.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile of APRA ENTERPRISES and APRA Innovative Private Limited (AIPL). The consolidation is on account of common management, similar line of business, and operational linkages.

Key Rating Drivers

Strengths

Established track record of operations and experienced partners

SAPL has been engaged in trading of petrochemicals from 1985. Currently the firm is managed by Mr. Anil Bajaria and Mr. Viraj Bajaria who has an experience of about more than three decade in same field of business. The company caters to strong customer base and established track record that helps the firm to maintain a longstanding relationship with reputed clientele of more than 10 years with reputed client namely Glenmark Life Sciences, Asian Paints, Cipla, etc. Acuite believes that firm will continue to derive benefit from its established track record and longstanding relationship with reputed clientele.

Improvement in the operating performance

The company has recorded a revenue of Rs.351.09 Crore in FY23(Prov) against Rs.422.96 Crore in FY22 and Rs.246.09 Crore in FY21. In FY22, the company incorporated new company named APRA Innovative Private Limited and team took a consolidated approach on same. There is an increase in revenue on an account of increase in prices along with increase in volume sold. In FY23 (Prov.), the company has recorded a revenue of Rs.351.09 Cr. In FY 2023, the operating performance is impacted due to drop down in crude oil prices which has resulted into reduction in prices realization of many commodities even though there was increase in the sales volume of the commodities. Further, the EBITDA Margins of the company marginally dropped down due to fluctuation in the market which stood at 2.48% in FY23 (Prov) against 2.49% in FY22 and 2.69% in FY21. Acuite believes that firm ability to sustain and improve its scale of operation is a key rating sensitivity.

Moderate Financial Risk Profile

The financial risk profile of the firm improved and remained moderate marked moderate networth, low gearing and moderate debt protection metrics. The net worth of the firm has increased to Rs.59.49 Crore as on 31st March 2023(Prov) against Rs.44.60 Crore in FY22 on an account of retention of profit in the business. The total debt of the firm which constitutes of long term debt and short-term debt of Rs.25.22 Crore as on 31st March 2023 (Prov) against Rs.13.18 Crore as on 31st March 2022. The long term debt consists the vehicle loans and home Loan. The unsecured loans from related parties treated as quasi capital as the same has been subordinated to the bank debt. The firm follows a conservative financial policy reflected through its peak gearing of 0.42 times. The gearing ratio of the company stood at 0.42 times as on 31st March 2023 (Prov) against 0.30 times as on 31st March 2022. In addition, the Interest coverage ratio of the firm stood at 3.30 times as on 31st March 2023 (Prov) against 2.96 times as on 31st March 2022. The debt service coverage ratio stood comfortable at 2.93 times as on 31st March 2023(Prov) 2.73 times as on 31st March 2022. The TOL/TNW ratio stood at 1.93 times as on 31st March 2023(Prov) 3.57 times as on 31st March 2022. Acuite believes that financial risk profile of the firm may continue to remain moderate in the medium term as firm is not planning to take additional long term debt in the near future.

Weaknesses

Working Capital Intensive Operations

The working capital operations of the firm is intensive marked by GCA days stood at 160 days as on 31st March 2023 (Prov) against 162 days as on 31st March 2022. The debtor days and inventory days stood at 102 days and 36 days respectively as on 31st March 2023 (Prov) against 135 days and 13 days respectively as on 31st March 2022. In addition, while making an import the average time taken to get the delivery is approximately 20-40 days. On an average basis, company extend credit period to its customers of 90 to 180 days. Typically, the petrochemical trading business import larger in quantity during last quarter which resulted into higher creditor days and along with this the group procures its supply on LC basis with sight of 90-120 days which have resulted in creditor days at 76 days in FY23(Prov) against 112 days in FY22. Acuite believes that working capital operations of the firm may continue to remain intensive considering the nature of industry and general credit period allowed to customers.

Fluctuation in raw material prices

The trading of petrochemical products can suffer greatly from the shifting price of crude oil.

Since crude oil is the primary raw material used to make petrochemicals, any abrupt increase or decrease in its price can have a big impact the profitability of business. It can be difficult for petrochemical companies to maintain a stable and profitable trading environment as a result of geopolitical events, global supply and demand mismatches, and other factors

Rating Sensitivities

- Improvement in the scale of operations while maintaining profitability margins.
- Deterioration in the working capital cycle leading to stretch in liquidity.

Material Covenants

None.

Liquidity Position Adequate

The liquidity profile of the company is adequate. The company has generated net cash accruals of Rs.5.77 Crore as on 31st March 2023(Prov) against the debt repayment of obligation of Rs. 0.10 Crore in the same period. Going forward, the company is expected generated enough net cash accruals to repay the debt obligation in the same period. Further, the average bank limit utilisation of fund based facilities and non-fund based facilities stood at 94% in last 11 months ending February 2023. The current ratio of the company stood at 1.47 times as on 31st March 2023(Prov) against 1.27 times as on 31st March 2022. Further, the cash and bank balance of the entity stood at Rs.4.91 Crore in FY22. Acuite believes that liquidity position may continue to remain adequate with an increasing cash accruals and low maturing obligations.

Outlook:

Acuité believes that Group will maintain a 'Stable' outlook over the medium term on the back of its continuous increase in revenue and moderate financial risk profile. The outlook may be revised to 'Positive' in case the group registers higher-than-expected growth in its revenue and profitability, while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the group registers lower than expected growth in revenues and profitability or in case of deterioration in the group's financial risk profile or significant elongation in the working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	351.09	422.96
PAT	Rs. Cr.	5.65	6.61
PAT Margin	(%)	1.61	1.56
Total Debt/Tangible Net Worth	Times	0.42	0.30
PBDIT/Interest	Times	3.30	2.96

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

India Ratings vide its press release dated 19th May 2023, had rated the company to IND BB+; Issuer Not Cooperating.

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE BB+ Stable Assigned
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	27.00	ACUITE A4+ Assigned

CC is the sublimit of LC and its completely interchangeable.

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Depanshi . Analyst-Rating Operations Tel: 022-49294065 depanshi.mittal@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.