



Press Release
APRA INNOVATIVE PRIVATE LIMITED
July 24, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	65.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	65.00	-	-

Rating Rationale

Acuite has assigned its short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs 65 Cr. bank facilities of Apra Innovative Private Limited(AIPL).

Rationale for Rating

The assigned 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 which stood at Rs.519.61 Crore in FY24 (Prov.) against Rs.351.13 Crore in FY23. Further, the rating factors in the moderate financial risk profile characterized by low gearing which stood at 0.18 times as on 31st March 2024(Prov.) against 0.47 times as on 31st March 2023 and moderate debt protection metrics reflected by Interest coverage ratio and debt service coverage ratio of the group stood at 3.68 times and 2.88 times respectively as on 31st March 2024 (Prov.). However, these strengths are partly offset by the working capital intensive with GCA days of 219 days in FY24 (Prov.) against 209 days in FY23 and stretched in the creditors days which stood at 124 days in FY24(Prov.) against 93 days in FY23, nature of operations and vulnerability in the margins due to fluctuations in the raw material prices.

About the Company

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.

About the Group

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.

Unsupported Rating

Not applicable.

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 management

AIPL has been engaged in trading of petrochemicals from 2021. 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.519.61 Crore in FY24 (Prov.) against Rs.351.13 Crore in FY23. In FY24, the increase in revenue on an account of increase in prices along with increase in volume sold. Further, the EBITDA Margins of the company stood at 2.17% in FY24 (Prov.) against 2.51% in FY23 and the PAT margins of the group stood at 1.19% in FY24 (Prov.) against 1.39% in FY23. The group is expected to achieve the revenue under the range of Rs.600 Crore- Rs.700 Crore in near to medium term. 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 company improved and remained moderate marked by increase in net worth stood at Rs.77.04 Crore in FY24(Prov.) as against Rs.56.79 Crore in FY23 on an account of retention of profit in the business and treatment of unsecured loans as quasi equity. The total debt of the company stood at Rs.14.05 Crore in as on 31st March 2024 (Prov.) against Rs.26.73 Crore as on 31st March 2023. Further, the gearing ratio of the company stood at 0.18 times as on 31 st March 2024 (Prov.) against 0.47 times as on 31 st March 2023. In addition, the coverage indicators of the group are quite comfortable reflected by the Interest coverage ratio of the company stood at 3.68 times in as on 31st March 2024 (Prov.) against 2.64 times as on 31 st March 2023 and debt service coverage ratio of the company stood at 2.88 times as on 31st March 2024 (Prov.) against 2.36 times as on 31 st March 2023. The TOL/TNW ratio stood at 3.37 times as on 31 st March 2024 (Prov.) against 2.90 times as on 31st March 2023. Acuite believes that financial risk of the company will remain moderate in the medium term as company is not planning to take additional long term debt in the near future.

Weaknesses

Working Capital Intensive operations

The working capital operations of the company is intensive marked by GCA days stood at 219 days as on 31st March 2024 (Prov.) against 209 days as on 31st March 2023. The net increase in GCA days is due to increase in the inventory days which stood at 73 days in FY24 (Prov.) against 33 days in FY23. Further, the debtor days of the group improved which stood at 109 days in FY24 (P) against 157 days in FY23. 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. Going forward, the creditor days of the company has increased and stood at 124 days in FY24 (Prov.) against 93 days in FY23. Acuite believes that working capital operations of the company will remain intensive on an account of nature of business.

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.

Liquidity Position

Adequate

The liquidity profile of the group is adequate. The group has generated net cash accruals of Rs.6.32 Crore against the debt repayment obligation of Rs. 0.15 Crore in the same period. Going forward, the group is expected generated sufficient net cash accruals against debt repayment obligation of almost nil. Further, the average bank limit utilisation of fund based facilities stood at 74.60% in last 09 months ending May 2024 and 50.62% in last six months ended Feb 2024 of Apra Innovative Private Limited and Apra enterprises respectively. The current ratio of the group stood at 1.26 times in FY24 (Prov.) against 1.31 times in FY23. Further, the cash and balance of the entity stood at Rs.3.99 Crore in FY24 (Prov.) against Rs.4.62 Crore in FY23.

Outlook: Not applicable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	519.61	351.13
PAT	Rs. Cr.	6.18	4.88
PAT Margin	(%)	1.19	1.39
Total Debt/Tangible Net Worth	Times	0.18	0.47
PBDIT/Interest	Times	3.68	2.64

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

None.

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>
- Trading Entities: <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 avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	65.00	ACUITE A4+ Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Apra Innovative Private Limited
2	Apra Enterprises

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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.

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