

APL Metals Limited

July 25, 2022

Ratings

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	10.00 (₹ Ten Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Limited had, vide its press release dated February 13, 2020, placed the rating(s) of APL Metals Limited (APL) under the 'issuer non-cooperating' category as APL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. APL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated March 22, 2022; April 01, 2022; April 11, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on May 06, 2021 the following were the rating strengths and weaknesses (updated for the information available from the website of the company):

Key Rating Weaknesses

Profitability being vulnerable to raw material price fluctuation

Lead prices are linked to the prevailing London Metal Exchange prices, revenue and operating margins remain susceptible to changes in lead prices.

Weak capital structure

Overall Gearing (excluding acceptances) albeit improved but remained high at 8.56x as on March 31, 2020 vis-à-vis 13.12x as on March 31, 2019 on account of accretion of profits to reserves along with reduction in loans from related parties. TDGCA also improved from 61.68x as on March 31, 2019 to 16.80x as on March 31, 2020.

The overall gearing ratio further improved to 6.51x as on March 31, 2021 and 5.67x as on March 31, 2022 on the back of accretion of profits to reserve but continued to remain high. However, TD/GCA has deteriorated to 12.30x and 17.22x in FY21 and FY22 respectively on account of increase in debt levels coupled with decline in cash profits.

Moderate financial performance marked by increase in profit levels, albeit margins continue to remain subdued

The Total operating income (TOI) of the company declined by 7% to Rs.517.97 crore in FY20 vis-à-vis Rs.555.85 crore in FY19. PBILDT margin improved marginally to 3.94% in FY20 vis-à-vis 3.31% in FY19. The company reported gross cash accruals of Rs.7.02 crore as against debt repayment obligation of Rs.1.20 crore. In 9MFY21, the company reported PAT of Rs.2.21 crore on a TOI of Rs.423.49 crore (PAT of Rs.2.15 crore on TOI of Rs.408.98 crore in 9MFY20)

The TOI has been improving y-o-y to Rs 633 crore in FY21 and Rs 724 crore in FY22, however; the PBILDT margin remained stable at 4.05% in FY21 while it witnessed moderation in FY22 to 3%.

Key Rating Strengths

Extensive experience of the promoter in the lead industry

APL was incorporated in December 1948 under Late. D.N. Sahaya, soon after his death Mr. S.N. Sahaya son of D.N. Sahaya took over the charge and was looking after the business. Mr. S.N. Sahaya is a Chemical Engineer from Chennai and possesses substantial experience in Lead industry for more than 3 decades.

Satisfactory scale of operations in highly fragmented industry

APL is operating in a highly fragmented industry marked by presence of several small players which indicates low entry barriers. However, with an installed capacity of 132,780 MTPA and with annual turnover of Rs.517.97 cr. for FY20, APL is managing its business at satisfactory level.

Further, the scale of operations marked by TOI has been improving y-o-y to Rs 633 crore in FY21 and Rs 724 cr in FY22.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Reputed client albeit concentration risk

APL's customers include reputed industrial battery manufacturing entity. However, the company is exposed to customer concentration risk, as 80% of the revenue for FY18 accounted from a single customer, which reflects customer concentration risk.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook & Credit watch to Credit Ratings](#)

[CARE's Policy of Default Recognition](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology -Manufacturing Companies](#)

About the company

APL Metals Ltd was incorporated in December 1948 by Shri D. N. Sahaya of Bihar for manufacturing of refined lead, lead alloys and lead oxide as Associated Pigments Ltd. The name was subsequently changed to APL Metals Ltd on 25th October 2016. Soon after its incorporation, the company took over two separate companies namely 'Indian Red Lead Factory Ltd' which was manufacturing Red Lead and Litharge and then 'Indian Lead Products Ltd' which was manufacturing Lead & Chrome. The company manufactures refined lead (installed capacity of 114,000 MTPA) at its units in West Bengal and lead oxide unit (total installed capacity of 18,780 MTPA) in Uttar Pradesh and West Bengal.

Brief Financials (Rs. crore)	FY21(A)	FY22 (A)	Q1FY23 (A)
Total operating income	633.34	724.29	NA
PBILDIT	25.65	21.72	NA
PAT	6.72	4.96	NA
Overall gearing (times)	6.51	5.67	NA
Interest coverage (times)	1.70	1.55	NA

A: Audited, NA: Not Available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (06-May-21)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (13-Feb-20)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact

Name: Mradul Mishra
Contact no.: +91-22-6754 3573
Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Punit Singhania
Contact no.: 033-4018-1620
Email ID: punit.singhania@careedge.in

Relationship Contact

Name: Lalit Sikaria
Contact no.: + 91-033- 40181600
Email ID: lalit.sikaria@careedge.in

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