



**Press Release**  
**Apex Ecotech Private Limited**  
**June 21, 2024**  
**Rating Reaffirmed and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE BB+   Stable   Upgraded	-
Bank Loan Ratings	8.10	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	<b>10.10</b>	<b>-</b>	<b>-</b>

**Rating Rationale**

Acuité has upgraded the long-term rating to **'ACUITE BB+' (read as ACUITE double B plus)** from **'ACUITE BB' (read as ACUITE double B)** and reaffirmed the short-term rating of **'ACUITE A4+' (read as ACUITE A four plus)** on the Rs.10.10 crore bank facilities of Apex Ecotech Private Limited. The outlook is **'Stable'**.

**Rationale for Upgradation**

The rating upgrade takes into consideration the improved operating performance marked by increased operating income and profitability along with improved financial risk profile and moderate working capital operations. The operating income stood at Rs 53.39 crore in FY2024(Prov) against Rs.34.70 crore in FY2023. The improvement in revenue and profitability has surpassed its pre-pandemic levels. Going forward, AEPL's ability to sustain the growth in its scale of operations and profitability levels while restricting elongations in its working capital operations will remain a key monitorable.

**About the Company**

Apex Ecotech Private Limited (AEPL) is incorporated in 2009 is Pune based company promoted by Mr. Anuj Dosajh, Mr. Ramesh Iyer and Mr. Ajay Raina. The company is engaged in provided integrated water treatment solution which finds its use in various industries like automobile, food and beverages, textile, paper, chemical & fertilizers among others. AEPL designs, assembles and installs water treatment plant and also provides annual operational and maintenance services.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and risk profile of AEPL to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

#### **Experienced Management and industrial presence**

AEPL is managed by its promoters namely Mr. Anuj Dosajh, Mr. Ajay Raina and Mr. Ramakrishnan Balasundaram Aiyer who have extensive experience of more than two decades in providing various water treatment solutions. Their extensive experience has helped in establishing a healthy relationship with reputed clients including Ashok Leyland

Limited, Honda Motorcycle and Scooters India Private Limited, Hero MotoCorp Limited, and Honda Cars India Limited. Further, it caters to foreign countries like Nigeria, Indonesia, to name a few. Acuité believes that promoter's experience and established relationship with customers is expected to support its business risk profile over the medium term.

### **Improving operating performance**

AEPL's operating performance was severely impacted due to covid-19 pandemic. But it has greatly recovered and achieved a revenue of Rs.53.39 crore in FY2024(Prov) against Rs.34.70 crore in FY2023 on account of increased orders. It is supported by an unexecuted order book position of Rs.43.94 crore as of 31st March 2024. The operating and net profit margins marked an improvement and stood at 18.02 percent and 13.15 percent in FY2024(Prov) against 11.08 and 8.19 percent in FY2023 respectively. Going forward, improvement in the operating performance is expected.

### **Moderate financial risk profile**

AEPL's financial risk profile is moderate marked by comfortable gearing and moderate debt protection metrics. The net worth of the company stood at Rs. 15.13 crore as on March 31, 2024(Prov), against Rs.7.22 crore as on March 31, 2023. The debt of the company stood at Rs 0.49 crore as on March 31, 2024(Prov), against Rs.0.58 crore as on March 31,2023. During FY2024, AEPL had increased its CC limit from Rs.0.05 crore to Rs.2.00 crore but has not utilized except Feb 24 where it availed just Rs. 0.8 Cr. The company's gearing has been comfortable and further improved to 0.03 times in FY2024(Prov) against 0.08 times as in FY2023. The debt protection metrics greatly improved and stood in FY2024(Prov) marked by ICR of 88.02 times in FY2024(Prov) against 20.30 times in FY2023. DSCR stood at 23.92 times in FY2024(Prov) against 6.31 times in FY2023. Going forward, the financial risk profile of the company is expected to improve on account of no planned capex.

### **Weaknesses**

#### **Working Capital Intensive nature of operations**

AEPL's working capital operations stood moderate marked by Gross Current Assets (GCA) days of 124 days in FY2024(Prov), as compared to 155 days in FY2023. The GCA days are led by receivables days of 59 days in FY2024(Prov) against 74 days in FY2023. The inventory days stood at 15 days in FY2024(Prov) against 40 days in FY2023. Company maintains inventory as per order basis. Company doesn't have a factory of its own, they design the parts, and the manufacturing is outsourced. Creditor days stood at 41 days in FY2024(Prov) against 42 days in FY2023. Going ahead, working capital operations of the company are expected to remain moderate over the medium term.

### **Highly competitive and fragmented nature of industry**

AEPL operates in a highly fragmented industry with a large number of organized and unorganized players present in the market. However, the risk is mitigated to an extent on account of established track record of operations of AEPL.

### **Rating Sensitivities**

- Sustained growth in scale of operations while improving profitability.
- Elongation of working capital cycle.

### **Liquidity Position**

#### **Adequate**

The company's liquidity is adequate marked by sufficient cash accruals of Rs. 7.17 crore in FY2024(Prov) against maturing debt obligations of Rs.0.23 crore. The fund-based bank limit utilization is low at 6.67 percent for last 6 months ending May 24 and non-fund based limit utilization stood high at 84.95 percent during the period of Dec 2023 to May 2024. The current ratio improved to 2.15 times in FY2024(Prov) as compared to 1.61 times in FY2023. The unencumbered cash and bank balances stood at Rs.2.33 crore in FY2024(Prov). Going forward, cash accruals are expected to remain in the range of Rs.8.47 & 9.36 crore against maturing debt obligations of approximately Rs.0.02 crore in FY2025. Acuite believes that the liquidity of the company will remain adequate supported by sufficient cash accruals against

maturing debt obligations.

**Outlook: Stable**

Acuité believes AEPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers significant improvement in the revenues while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the working capital operations leading to deterioration of the liquidity position of the company.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	53.39	34.70
PAT	Rs. Cr.	7.02	2.84
PAT Margin	(%)	13.15	8.19
Total Debt/Tangible Net Worth	Times	0.03	0.08
PBDIT/Interest	Times	88.02	20.30

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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 categorization 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Mar 2023	Cash Credit	Long Term	0.05	ACUITE BB   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.40	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	4.65	ACUITE A4+ (Reaffirmed)
06 Jan 2022	Bank Guarantee/Letter of Guarantee	Short Term	6.60	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	3.50	ACUITE BB   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE A4+   Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BB+   Stable   Upgraded ( from ACUITE BB )
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.10	ACUITE A4+   Reaffirmed

\* As per sanction letter, maximum aggregate working capital facility available is Rs, 7 crore.

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Patel Sneh Associate Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:sneh.patel@acuite.in">sneh.patel@acuite.in</a>	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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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