



Press Release
CAPCHEM ELECTRICALS LIMITED (ERSTWHILE CAPCHEM ELECTRICALS P LIMITED)

August 21, 2025

Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	5.00	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	7.55	-	ACUITE A4+ Assigned
Bank Loan Ratings	6.45	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) from ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) and reaffirmed its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on Rs. 11.45 Cr. bank facilities of Capchem Electricals Limited (Erstwhile Capchem Electricals Private Limited) (CEL). The outlook is ‘**Stable**’.

Also, Acuite has assigned its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) and its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on Rs. 23.55 Cr. bank facilities of Capchem Electricals Limited (Erstwhile Capchem Electricals Private Limited) (CEL). The outlook is ‘**Stable**’.

Rationale for rating

The rating upgrade takes into account the growing scale of operations of the company supported by moderate outstanding order book position, moderate financial risk profile and adequate liquidity position. Further, the rating factors the established presence of the company in the electrical engineering procurement & construction (EPC) industry. However, the rating continues to remain constrained on account of intensive working capital operations of the company. Further, company remains prone to geographical and customer concentration risk as majority of the current projects are in the state of Maharashtra. Furthermore, the rating is also constrained by the competitive and fragmented nature of industry.

About the Company

Incorporated in 2010, Mumbai based Capchem Electricals Limited (CEL, formerly known as Capchem Electricals Private Limited) is engaged in the business of providing turnkey solutions of electrical infrastructure projects, including substations, extra high voltage (EHV) data centres power infrastructure and transmission lines. The current directors of the company are Mr. Anand Galagali, Mr. Shrikishan Shrirangam and Mr. Ankush Chavan.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of CEL to arrive at the rating.

Key Rating Drivers

Strengths

Established track of operations and experienced management

The company has an established track record of operations in the electrical EPC segment wherein the core scope of work involves the supply, installation, testing, and commissioning (SITC) of the electrical infrastructure. The company majorly sources electrical equipment such as transformers, panels, switchgears, switchboards, etc. The company is owned and operated by Mr. Anand Galagali, who has more than three decades of experience in the field of electrical segment. The long track record of operations and management's extensive experience in the EPC industry has helped the company develop strong relationships with its customers and suppliers.

Improving operating performance on account of growing execution and moderate order book

The company reported an operating revenue of Rs. 122.57 Cr. in FY25, marking a significant increase of ~197 percent y-o-y from Rs. 41.15 Cr. in FY24. This growth is attributable to the timely execution of the contracts. Also, being engaged in providing turnkey solutions for data centres, the company has benefitted from the surge in data consumption, increasing digitisation and growing demand for domestic storage solutions. Further, the moderate outstanding order book of Rs. 290.56 Cr. as on March 31, 2025, to be executed in the next 18 to 24 months provides sustained revenue visibility over the medium term. The company's operating margins also improved at 18.02 percent in FY25 (11.45 percent in FY24), owing to operational efficiency and substantial revenue billed in the month of March 2025 leading to the increase in the company's net profitability to 11.05 percent in FY25 (6.51 percent in FY24).

Moderate financial risk profile

The tangible net worth of the company stood improved at Rs. 38.22 Cr. as on March 31, 2025 (Rs. 10.97 Cr. as on March 2024) pertaining to the accretion of profits to reserves and issuance of equity shares of Rs. 18 Cr. via private placement in December 2024. The company's debt profile majorly consists of working capital borrowings, keeping the gearing below unity at 0.42 times as on March 31, 2025 (0.68 times as on March 31, 2024) and Debt to EBITDA healthy at 0.80 times in FY25 (1.56 times in FY24). Further, the debt protection metrics of the company stood comfortable marked by interest coverage ratio of 10.88 times in FY25 (4.54 times in FY24) and debt service coverage ratio of 4.88 times in FY25 (2.11 times in FY24). Moreover, any further infusions to the capital thereby improving the capital structure shall be a key rating monitorable.

Weaknesses

Intensive working capital operations

The working capital operations of the company remained intensive marked by gross current assets (GCA) of 241 days as on March 31, 2025 (386 days as on March 31, 2024) majorly driven by inventory levels and other current assets including advances and retention money. However, the inventory days stood improved at 92 days in FY25 (163 days in FY24), owing to timely execution of the projects. The debtor days also stood improved at 62 days as on March 31, 2025 (125 days as on March 31, 2024). However, the creditor days also declined to 52 days as on March 31, 2025 (130 days as on March 31, 2024).

Acuité expects the working capital cycle to remain on similar lines on account of the nature of business operations.

Geographical and customer concentration risk

The company is exposed to client concentration risk, with the top five customers contributing to around 83 percent of total revenue in FY25 making CEL vulnerable to downturns in the business of large customers or any change in the clients' business plans. However, to mitigate this risk, the management is actively working towards onboarding the government contracts and later diversifying into renewables and railways sector. Also, the orders are majorly concentrated in Maharashtra, therefore, regional diversification is also monitorable.

Competitive and fragmented industry

CEL is engaged as an EPC contractor, wherein the company faces intense competition from several large and mid-sized players in the sector. The risk becomes more pronounced as tendering is based on minimum amount of bidding on contracts and susceptibility to inherent cyclicalities in the sector. Additionally, the company remains vulnerable to the sector's inherent cyclicalities and is exposed to regulatory risks that may impact its ability to execute projects in a timely manner and secure new contracts.

Rating Sensitivities

- Continued order book growth and timely execution of the projects supporting improvement in revenue at stable margins
- Significant improvement in the financial risk profile

- Elongation of working capital requirements thereby affecting the liquidity profile

Liquidity Position

Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals of Rs. 13.80 Cr. in FY25 as against maturing debt repayment obligations of Rs. 1.35 Cr. over the same period. Going forward, the company is estimated to generate net cash accruals in the range of Rs. 13-15 Cr. from FY26 to FY27 against negligible repayment obligations. The average bank limit utilisation stood moderate marked by fund-based limit utilisation of 65.40 percent and non-fund-based limit utilisation of 72.34 percent for the last six months ended May 2025. Moreover, the company has availed third party bank guarantees in absence of sufficient banking limits. The current ratio also stood moderate at 1.47 times as on March 31, 2025. Further, the company had cash and bank balances of Rs. 0.06 Cr. as on March 31, 2025 along with lien marked fixed deposits of Rs. 7.21 Cr. as on March 31, 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	122.57	41.15
PAT	Rs. Cr.	13.55	2.68
PAT Margin	(%)	11.05	6.51
Total Debt/Tangible Net Worth	Times	0.42	0.68
PBDIT/Interest	Times	10.88	4.54

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>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 May 2024	Bank Guarantee/Letter of Guarantee	Short Term	3.55	ACUITE A4+ (Upgraded from ACUITE A4)
	Bank Guarantee/Letter of Guarantee	Short Term	1.45	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BB- Stable (Upgraded from ACUITE B+ Stable)
	Working Capital Term Loan	Long Term	1.45	ACUITE BB- Stable (Upgraded from ACUITE B+ Stable)
23 Feb 2023	Bank Guarantee/Letter of Guarantee	Short Term	3.25	ACUITE A4 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE B+ Stable (Assigned)
	Working Capital Term Loan	Long Term	1.75	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
NKGSB Cooperative Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
NKGSB Cooperative Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+ Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB+ Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.45	Simple	ACUITE A4+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.55	Simple	ACUITE A4+ Assigned

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About Acuité Ratings & Research

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