



Press Release
Appl Industries Limited
July 03, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	190.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	10.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	250.00	-	-

Rating Rationale

ACUITE has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs 200.00 crore bank facilities of APPL Industries Limited (AIL). The outlook is '**Stable**'.

ACUITE has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) on the Rs 50.00 crore bank facilities of APPL Industries Limited (AIL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation reflects the established track record of operations of more than two decades with experienced management which is also reflected from its growing revenue trend and well-established position on the market of thermoplastic compounding sector. Further, the rating factors in that AIL supplies to the automotive Tier -1 supplier who then caters to the requirement of major OEMs. The rating takes into account the diversified customer profile and moderate financial risk profile of the company. However, the above mentioned strengths are partly offset by working capital intensive nature of operations which is also reflected through high bank limit utilization of an average 94.47% in last 9 months ended May 2024. Further, the margins are susceptible to volatility in the raw material prices as well the competitive nature of industry.

About the Company

Incorporated in 2001, APPL Industries Limited (AIL) is a Delhi-based company engaged in engineering thermoplastics based on commodity resins and engineering plastics based on advanced plastic resins. The combination of different resins with filler and reinforcement results in different properties and a wide variety of compounds. Its major application areas are the automotive industry, home appliances, packaging and petrochemicals. The company is managed by Mr. Aalekh Inder Jain, Mr. Rajeev Shyamrao Basargekar, Mr. Anurag Inder Jain, Mr. Inder Jain and Mr. Shashikant as directors.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of APPL INDUSTRIES LIMITED to arrive at this rating.

Key Rating Drivers

Strengths

Experienced Promoters with long track record of operations

APPL was incorporated in 2001. The company is engaged into the manufacturing of engineered thermoplastics based on commodity resins and engineering plastics based on advanced plastic resins. The combination of different resins with filler and reinforcement results in different properties and a wide variety of compounds. AIL is currently promoted by Mr. Inder Jain, who has an experience of more than three decade in the same line of business. The established track record has helped the company to maintain a longstanding relationship with reputed clientele like Varroc Polymers Private Limited, Lumax Auto Technologies Limited, Varroc Engineering Limited etc. Further, these customers are the tier-1 suppliers to major OEMs. Acuite believes that AIL will continue to derive benefit from its established track record and longstanding relationship with reputed clientele.

Growth in scale of operations of the company

The company has reported revenue of Rs.622.32 Crore in FY24 (prov.) against Rs.527.15 Crore in FY23. In addition, the EBITDA Margins of the company stood at 7.41% in FY24 (prov.) against 8.10% in FY23. However, the PAT Margins of the company stood at 3.43% in FY24 (prov.) against 2.92% in FY23. Going forward, the company has achieved revenue of Rs.118.44 Crore from April 2024 to May 2024.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net-worth of Rs.163.27 Crore in FY24 (prov.) against Rs.141.96 Crore in FY23. The total debt of the company stood at Rs.175.71 Crore in FY24 (prov.) which consists of long term debt of Rs.55.39 Crore, unsecured loans (interest bearing-12%) of Rs.13.45 Crore, Short term debt of Rs.88.37 Crore and CPLTD of Rs. 18.50 Crore. Further, the debt-equity ratio of the company stood at 1.08 times in FY24 (prov.) against 1.18 times in FY23. Further, the interest coverage ratio of the company stood at 3.27 times in FY24 (prov.) against 2.91 times in FY23. The DSCR of the company stood at 1.25 times in FY24 (prov.) against 1.39 times in FY23 and TOL/TNW ratio stood at 1.71 times in FY24 (prov.) against 1.87 times in FY23.

Acuite believes that the financial risk profile of the company may improve over the medium term on account of expected improvement in operating performance and repayment of long term debt with no additional debt to be taken in near future.

Weaknesses

Susceptibility of the profitability to volatility in the raw material prices

The profitability margins of the company remain susceptible to volatility in the raw material prices (raw materials being petroleum based products), the prices of which are highly volatile in nature. Any adverse fluctuation in raw material price may impact the profitability of the company. In addition, the automotive sector is quite cyclical, and vehicle OEM sales and the sales of automotive component suppliers are mutually exclusive. The auto-ancillary market is also quite competitive due to the abundance of participants in both the organised and unorganised sectors.

Rating Sensitivities

- Improvement in scale of operations while maintaining profitability margins.
- Further deterioration in working capital operations
- Any deterioration in leverage or coverage indicators

Liquidity Position Stretched

The liquidity profile of the company is stretched. The company has generated net cash accruals of Rs.30.36 Crore in FY24 (prov.) against the CPLTD of Rs. 21.18 Crores. In addition, the current ratio of the company stood low at 0.98 times. The average bank limit utilisation of fund based and non-fund based facilities stood high at 94.47% in last 9 months ending May 2024 resulting into minimal buffer in terms of growth capital.

Outlook: Stable

Acuité believes the outlook on the company will remain 'Stable' on account of the company's established presence in the industry along with reputed clientele and increasing scale of operations. The outlook may be revised to 'Positive' if the company achieves a sustained growth in revenues, operating margins and improves its capital structure and working capital operations. The outlook may be revised to 'Negative' in case the company registers significant decline in cash accruals or stretched in working capital cycle resulting in deterioration of its financial risk profile and further stretched in liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	622.32	527.15
PAT	Rs. Cr.	21.32	15.38
PAT Margin	(%)	3.43	2.92
Total Debt/Tangible Net Worth	Times	1.08	1.18
PBDIT/Interest	Times	3.27	2.91

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 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
05 Apr 2023	Term Loan	Long Term	24.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	40.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.50	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	19.50	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	40.00	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE BBB- Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB- Stable Assigned
Yes Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	41.50	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.67	ACUITE BBB- Stable Assigned
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	04 Aug 2017	Not avl. / Not appl.	19 Jan 2026	Simple	19.50	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	01 Nov 2017	Not avl. / Not appl.	16 Nov 2025	Simple	24.00	ACUITE BBB- Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	10 Feb 2019	Not avl. / Not appl.	10 Mar 2034	Simple	8.33	ACUITE BBB- Stable Assigned
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	15 Apr 2023	Not avl. / Not appl.	15 Mar 2030	Simple	15.00	ACUITE BBB- Stable Assigned

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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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