



Rating Rationale

Apex International

23 Nov 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.05 Crores of Apex International.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.05	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Total	7.05	INR Seven Crores Five Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Firm upto FY18 and projected financials for FY19, publicly available information and information/clarifications provided by the management.

The rating draws strength from the promoter's long experience in the line of activity, moderate financial risk profile and positive growth trend. The rating, however, is constrained by low scale of operations and susceptibility to change in price of raw material and fluctuations in exchange rate.

Description of Key Rating Drivers

Credit Strengths:

Experience of promoters in the industry: The promoters of the firm Mr. Gaurav Jain and Mrs. Rashi Jain are well qualified and have 15 and 10 years of experience respectively in the monofilament industry. Their extensive experience has helped them in maintaining long term relationship with their clients.

Moderate financial risk profile: The financial risk profile of the firm is supported by moderate level of networth, low gearing and above average debt protection matrix. The networth of the company has increased from Rs. 2.81 Cr. in FY17 to Rs. 4.11 Cr. in FY18. The company's analysed net worth is Rs. 7.47 Cr. in FY18 on account of large funds invested by friends and family in the form of unsecured loans. The overall gearing ratio (TOL/TNW) stood at 1.89 times and above average debt protection matrix is evidenced by ISCR of 4.59 times and DSCR of 3.27 times in FY18.

Positive growth trend: The operating revenue of the company has increased by 70% from FY15 to FY18. A positive growth rate is expected in near future by introduction of fourth line of monofilaments which will be functional by 01-Dec-2018. Till Oct 2018 the firm has achieved a sales of Rs. 24.15 Cr and they are targeting a sales of Rs. 45 Cr. by end of FY19.

Credit Risks:

Low Scale of operations: Although the company's sales are expected to grow, looking at the industry, the scale of operations of the firm are considered as low with an operating revenue of Rs. 28.56 Cr. in FY18 as against Rs. 17.80 Cr. in FY17.

Susceptibility to change in price of raw material and fluctuations in forex rate: The change in price of raw material will affect the operating profit margin of the firm. Since the firm is also importing some of the raw materials from China, fluctuations in exchange rate will also affect the operating profit margin.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Apex International** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Apex International is synthetic monofilament manufacturer, promoted by Mr. Gaurav Jain and Mrs. Rashi Jain. They commenced their business operations in 2009 with their manufacturing facility located at Mahuakhera Ganj, Kashipur. The firm manufactures variety of synthetic monofilament bristles made out of PET, PBT, Nylon 6, Nylon 66, Nylon 612, and PP with the state-of-the-art technology.

Company's Financial Performance

The total Operating income has increased from Rs. 17.81 Cr. in FY17 to Rs. 28.56 Cr. in FY18. Till Oct 2018 the firm has achieved a sales of Rs. 24.15 Cr. The PAT has increased from Rs. 1.16 Cr. in FY17 to Rs. 1.74 Cr. in FY18. The firm's Operating Profit Margin and Net Profit Margin were 11.60% and 6.10% respectively. The firm have above average debt protection matrix with ISCR of 4.59 times and DSCR of 3.27 times in FY18. The current ratio has also increased from 1.63 times in FY17 to 1.70 times in FY18.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	28.56	17.81
EBITDA	₹ Cr	3.31	2.52
PAT	₹ Cr	1.74	1.16
Tangible Net worth	₹ Cr	4.11	2.81
TOL/TNW	Times	1.89	2.29
Current Ratio	Times	1.70	1.63

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (Nov 2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	7.05	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	N/A		
	Total		7.05	₹ Seven Crores Five Lakhs Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:



BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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