



## Rating Rationale

Apex Structure Pvt Ltd

3Jan2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 14.00 Crores of Apex Structure Pvt Ltd.

## Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jun, 2017)	Present
<b>Fund Based (FB)</b>					
Cash Credit	2.00	2.50	<b>Long Term</b>	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>(Outlook -Stable)</b>	<b>BWR BB</b> (Pronounced as BWR Double B) <b>(Outlook -Stable)</b> (Upgrade)
<b>Non Fund Based (NFB)</b>					
Bank Guarantee	5.00	9.50	<b>Short Term</b>	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four) (Reaffirmed)
Bank Guarantee- Financial (Sublimit of BG- Performance)	(1.25)	(2.40)			
Counter Bank Guarantee (Sublimit of BG- Performance)		(4.50)			
Proposed BG		2.00			
<b>Total Limits</b>	<b>7.00</b>	<b>14.00</b>	<b>(INR Fourteen Crores Only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

Note- Previous rated amount of Rs 7.00 Crs from Punjab National Bank has been taken over by Yes Bank.

**Ratings: Long term rating Upgraded and short term rating reaffirmed**



**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has principally relied upon the audited financials upto FY18 and projections upto FY20 and publicly available information and information/ clarifications provided by the management.

The ratings upgrade is on account of improvement in operational and financial performance with visible revenue growth , the experience of the promoters in the industry, track record of the company , most of the customers are government departments /agencies satisfactory interest coverage ratio and Low gearing ratio . However, rating is constrained by moderate scale of business operation, timely project completion risk , low net worth , reduced net profit margin intense competition in the market and exposures to risk arising from the tender based nature of business.

Going forward the ability of the company, to increase its scale of operations, execute the orders in a timely manner, strengthen its overall credit profile and manage its working capital efficiently would be the key rating sensitivities.

**Description of Key Rating Drivers**

**Credit Strengths:**

Revenues of the company have improved from Rs 10.38 Crs in FY 17 to Rs 30.97 Crs in FY18 and the company has reached revenue of Rs 40.11.Crs in FY19 between April and Oct 2018 out of projected revenue of Rs 75 Crs of FY19 . Mr. Nitin agarwal one of the promoters has experience over a decade in infrastructure development. company was established in the year 2007 Majority of the orders are from Government. departments/ agencies like Indore smart city development corporation, Ujjain smart city development corporation , MP housing development board etc . Interest coverage coverage ratio. is at 12 x in FY 18 and ,gearing is at 0.56 x in FY 18

**Credit Risks:**

Small scale of operations. with an average revenue of Rs 18.06 Crs in the last three FYs , timely project completion risk is associated with the sector being tender based deals with Govt department .Net worth is low at Rs5.51 Crs as at 31.3.2018 , net profit margin is reduced from 9.48 % in FY17 to 6.97 % in FY18 Intense competitive industry.



## **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 Structure Pvt Ltd** 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 Structure Pvt Ltd was incorporated in 2007. The company is engaged in arenas of infrastructure development like Bitumen, RCC, Paver Block, Sewer line, Water line, Sewerage treatment plant, Club houses, EWS and Government contractor ship for Roads and buildings. The company is promoted by Mr. Nitin Agarwal as a Managing Director and Mrs. Bhawna Agarwal as a Director.

## **Company Financial Performance**

In FY18, ASPL reported a revenue of Rs.30.80 crs and PAT of Rs.2.16 crs against revenue of Rs.10.38 crs and PAT of Rs.1.02 crs in FY17. Tangible net worth of the company stood at Rs.5.51 crs.

### Rating History for the last three years

Si No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	13.6.2017	2016	2015
<b>Fund Based (FB)</b>							
1	Fund Based	<b>Long Term</b>	2.50	<b>BWR BB</b> (Pronounced as BWR Double B) <b>(Outlook -Stable)</b> (Upgrade)	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>(Outlook -Stable)</b>	<b>Not Rated</b>	<b>Not Rated</b>
<b>Non Fund Based (NFB)</b>							
2	Non Fund Based	<b>Short Term</b>	11.50	<b>BWR A4</b> (Pronounced as BWR A Four) (Reaffirmed)	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>Not Rated</b>	<b>Not Rated</b>
<b>Total Limits</b>			<b>14.00</b>	<b>(INR Fourteen Crores Only)</b>			

\*Rating Not Reviewed was on 2.11 2018 **Status of non-cooperation with previous CRA- Not to our Knowledge Any other information: Nil**

### Key Financial Indicators

Key Parameters	Units	2017	2018
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
Operating Revenue	(Rs. in Crs)	10.38	30.80
EBITDA	(Rs. in Crs)	1.10	2.95
PAT	(Rs. in Crs)	1.02	2.16
Tangible Net worth	(Rs. in Crs)	3.35	5.51
Total Debt/Tangible Net worth	(Times)	0.60	0.56
Current Ratio	(Times)	1.42	1.32



**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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