



Press Release

Apex Tarmac Private Limited

August 19th, 2024

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facility	30.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
2.	Short Term Bank Facility	135.00 (Enhanced from Rs. 100.00 Crore)	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Upgraded	Simple
	Total	165.00	Rupees One Hundred and Sixty Five crore Only			

Details of Facilities are in Annexure 1

Facilities wise lender details are in Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Ratings Private Limited (IVR) has upgraded its rating to the bank facilities for long term facilities to IVR BBB with stable outlook and IVR A3+ for short term facilities of Apex Tarmac Private Limited (ATPL).

The rating continues to draw comfort from its experienced promoters with established track record, improvement in scale of operations along with moderate profitability margins and satisfactory financial risk profile marked by moderate capital structure with satisfactory debt protection metrics. However, these rating strengths are partially offset by competitive nature of construction sector with tender based nature of operations, inherent cyclical trends associated with the construction sector.

The Stable outlook is expected to remain in view of long track record of operations, extensive experience of promoters and healthy relationship with its customers and suppliers. The company also derives its strength from comfortable capital structure. Infomerics expects that business risk profile will be maintained over the medium term.

IVR has principally relied on the audited financial results of ATPL's up to 31 March 2023, Management Certified Provisional Results for FY2024 (Review period from 1st April 2023 to



Press Release

31st March 2024), and projected financials for FY25, FY26 and FY27, and publicly available information/ clarifications provided by the company's management.

Upward factors

- Sustained growth in scale of operations with further improvement in profitability, and cash on a sustained basis.
- Manage working capital requirements efficiently with improvement in liquidity position

Downward factors

- Substantial decline in operating income and cash accrual, a stretch in the working capital cycle driven by pile-up of inventory or stretched receivables, or sizeable capital expenditure weakens the financial risk profile, particularly liquidity.
- Significant deterioration in debt metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and established track of record**

ATPL has an operational track record from 2011. The company is promoted by Mr. Usmanbhai Suleman Bavan and Javed Ganibhai Tambadia. The promoters of company has over two decades experience construction industry. ATPL will continue to benefit from long experience of the management and well-established relationship with their key suppliers and customers.

- **Improvement in scale of operations along with moderate profitability margins:**

The total operating income (TOI) of the company has increased by 81.13% from Rs.253.25 crore in FY23 to Rs.458.71 crore in FY24(prov.) due to an increase in orders booked by the company. EBITDA increased from Rs.16.90 crore in FY23 to Rs.28.22 crore in FY24 (Prov.). PAT margin also improved to 4.63% against 2.23% in previous year and stood at Rs 21.25 crore against Rs.5.65 crore in previous year FY23.

- **Satisfactory financial risk profile marked by moderate capital structure with satisfactory debt protection metrics**

Solvency indicators like overall gearing ratio witnessed improvement to 0.05x as on March 31, 2024 (Prov.), from 0.41x as on March 31, 2023, driven by increase in tangible net worth. Furthermore, total indebtedness as depicted by TOL/TNW also witnessed improvement to 0.50x as on March 31, 2024, from 1.13x as on March 31, 2023. The debt protection metrics of the company stood comfortable. The interest coverage ratio was 6.87x in FY24(prov.) (2.65x in FY23), DSCR improved to 4.28x in FY24(prov.) (1.77x in FY23).



Press Release

Key Rating Weaknesses

- **Competitive nature of construction sector with tender-based nature of operations**

ATPL is a mid-sized player operating in an intensely competitive construction industry with presence of large number of contractors. Furthermore, with low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies and removal of bid-bond guarantee has resulted in intense competition. Moreover, aggressive bidding or delay in project progress due to unavailability of regulatory clearances are other external factors that affects the credit profile of industry players

- **Inherent cyclical trends associated with the construction sector**

The construction sector continues to witness cyclical trends consistent with its inherent nature, notwithstanding a stable outlook for the sector in the long term. Nonetheless, the focus of the Government on infrastructure development is expected to translate into business potential for the construction industry in the long run

Analytical Approach: Standalone.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)
[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
[Criteria for assigning Rating outlook.](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate marked by sufficient cushion in its cash accruals vis-à-vis debt repayments in the near term. Further, the fund based limits of the company remained utilised at ~42% and non fund based at 68% in the past 12 months ended April 2024 indicating an adequate liquidity buffer. The current ratio and quick ratio stood satisfactory at 1.64x and 1.57x respectively as on March 31,2024 (prov.). Moreover, on the back of its comfortable capital structure the company is having a comfortable gearing headroom.

About the Company



Press Release

Apex Tarmac Private Limited (ATPL) was set up as a partnership firm, named M/s Apex Construction Company, in 1997. The firm was reconstituted as a private limited company with the current name in 2011. Managed and promoted by Mr. Gani Tambadia, Mr. Javed G. Tambadia and Mr. Usman Bavan. The company is engaged in improvement and strengthening work on existing roads and construction of new roads in Gujarat. The company has been registered as a Class AA contractor with the Public Works Department, Gujarat, since 2007, and as Category I contractor.

Financials (Standalone):

(Rs. crore)

For the year ended*/As on	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	253.25	458.71
EBITDA	16.90	28.22
PAT	5.65	21.24
Total Debt	34.57	5.80
Tangible Net worth	84.78	106.02
EBITDA Margin (%)	6.67	6.15
PAT Margin (%)	2.23	4.62
Overall Gearing Ratio (x)	0.41	0.05
Interest Coverage Ratio (x)	2.65	6.87

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (July 11, 2023)	Date(s) & Rating(s) assigned in 2022-23 (April 20, 2022)	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	30.00	IVR BBB /Stable	IVR BBB- /Stable	IVR BBB- /Stable	-
2.	Non-Fund Based	Short Term	135.00 (Enhanced from Rs.	IVR A3+	IVR A3	IVR A3	-



Press Release

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (July 11, 2023)	Date(s) & Rating(s) assigned in 2022-23 (April 20, 2022)	Date(s) & Rating(s) assigned in 2021-22
			100.00 Crore)				

Name and Contact Details of the Rating Analyst:

Name: Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating



Press Release

assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	30.00	IVR BBB/Stable
Bank Guarantee	-	-	-	135.00 (Enhanced from Rs. 100.00 Crore)	IVR A3+

Annexure 2: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-Apex-tarmac-19aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).