

Rating Update
March 21, 2025 | Mumbai**Aplab Limited****Update as on March 21, 2025**

This update is provided in continuation of the rating rational below.

The key rating sensitivity factors for the rating include:

Upward factors:

- Sustained revenue growth and improvement in the operating margin leading to steady cash accrual at Rs 1.5 crore or above
- Maintenance of a comfortable financial risk profile and liquidity, supported by efficient working capital management and no overutilisation of working capital bank lines

Downward factors:

- Weak operating performance, large losses or stretched working capital cycle further constraining liquidity.
- Consistent decline in revenue or operating profitability less than 8%

Crisil Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, Crisil Ratings seeks regular updates from companies on the business and financial performance. Crisil Ratings is, however, awaiting adequate information from Aplab Limited (Aplab) which will enable us to carry out the rating review. Crisil Ratings will continue provide updates on relevant developments from time to time on this credit.

Crisil Ratings also identifies information availability risk as a key credit factor in the rating assessment as outlined in its criteria 'Information Availability Risk in Credit Ratings'.

About the Company

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Rating Rationale

January 10, 2024 | Mumbai

Aplab Limited

Ratings reaffirmed at 'CRISIL B-/Stable/CRISIL A4'

Rating Action

Total Bank Loan Facilities Rated	Rs.26 Crore
Long Term Rating	CRISIL B-/Stable (Reaffirmed)
Short Term Rating	CRISIL A4 (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed rationale

CRISIL Ratings has reaffirmed its 'CRISIL B-/Stable/CRISIL A4' ratings on the bank loan facilities of Aplab Ltd (Aplab).

The ratings continue to reflect the weak financial risk profile and stretched liquidity of Aplab, modest and stagnant scale of operations and large working capital requirement. These strengths are partially offset by the extensive experience of the promoters in the electronic and power equipment industry.

Key rating drivers and detailed description

Weaknesses:

- **Weak financial risk profile:** The financial profile is impacted by eroded network, weak capital structure and subdued debt protection metrics. On account of sizeable losses in the past, network has remained negative in FY 2023 and the capital structure highly leveraged. However, due to conversion of 23.76 crores of unsecured loans into equity have supported the financial profile of the company. Furthermore, weak profitability, high finance costs and one time exceptional costs has led to subdued debt protection metrics. Nonetheless, sustained improvement in the company's operating performance and financial metrics remains critical and will be key monitorables.
- **Modest and stagnant scale of operations amid competition:** Industry competition constrains scalability, as reflected in revenue of around Rs 51 crore over the four fiscals through 2023. Operating margin has remained volatile in the past. As the replacement cycle for these products is very low and the life cycle of the product is high, the revenue is stagnant.
- **High working capital intensity of business:** Large working capital requirement is reflected in gross current assets (GCAs) of 256 days as on March 31, 2023, driven by stretched debtors of 213 days and large inventory of around 190 days. Stretch in the working capital cycle has constrained the company's liquidity in the past.

Strength:

- **Extensive experience of the promoters:** The key promoter and the top management have experience of over three decades in the electronics industry. Over the years, the promoters have established a successful track record of execution and built healthy relationships with customers across multiple sectors. The promoters have also extended unsecured loans to Aplab.

Liquidity: Stretched

The bank limit remained highly utilised at 95-98% in last 12 months ended November, 2023. Operations are working capital intensive, while the current ratio remains below 1 time. Furthermore, the company cannot utilise its letter of credit limit, which further constrains liquidity.

Outlook: Stable

While Aplab will benefit from reduction in debt, improvement in operating performance remains critical.

Rating sensitivity factors

Upward factors:

- Sustained revenue growth and improvement in the operating margin leading to steady cash accrual at Rs 1.5 crore or above
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Downward factors:

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Key financial indicators

As on / for the period ended March 31		2023	2022
Operating income	Rs crore	51.72	51.48
Reported profit after tax (PAT)	Rs crore	0.20	0.17
PAT margin	%	-5.43	0.33
Adjusted debt/adjusted networkth	Times	-2.53	-2.29
Interest coverage	Times	0.92	1.33

Status of non-cooperation with previous CRA:

Aplab has not cooperated with Acuite Ratings and Research Ltd, which has classified the company as non-cooperative through a rationale dated December 16, 2022, on account of non-furnishing of information for monitoring of ratings.

Aplab has not cooperated with Brickwork Ratings India Pvt Ltd, which has classified the company as non-cooperative through a rationale dated March 20,2019, on account of non-furnishing of information for monitoring of ratings.

Aplab has not cooperated with ICRA Ltd, which has classified the company as non-cooperative through a rationale dated February 21, 2017, on account of non-furnishing of information for monitoring of ratings.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Cash credit	NA	NA	NA	14	NA	CRISIL B-/Stable
NA	Bank guarantee	NA	NA	NA	7.5	NA	CRISIL A4
NA	Letter of credit	NA	NA	NA	4	NA	CRISIL A4
NA	Proposed letter of credit	NA	NA	NA	0.5	NA	CRISIL A4

Annexure - Rating History for last 3 Years

Current		2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding	Rating	Date	Rating	Date	Rating	Date	Rating	Rating

		Amount										
Fund Based Facilities	LT	14.0	CRISIL B-/Stable		--		--	07-12-22	CRISIL B-/Stable		--	--
Non-Fund Based Facilities	ST	12.0	CRISIL A4		--		--	07-12-22	CRISIL A4		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	7.5	Union Bank of India	CRISIL A4
Cash Credit	14	Union Bank of India	CRISIL B-/Stable
Letter of Credit	4	Union Bank of India	CRISIL A4
Proposed Letter of Credit	0.5	Not Applicable	CRISIL A4

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufacturing and service sector companies
CRISILs Approach to Financial Ratios
CRISILs Criteria for rating short term debt

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