

# Apex Ecotech Limited IPO

## About Company—

Apex Ecotech Limited specializes in providing comprehensive solutions for water and wastewater management. The company's services include:

- ✦ **Industrial Water Treatment** - Solutions to purify and manage water for industrial applications.
- ✦ **Wastewater/Effluent Treatment** - Systems to treat industrial effluents and wastewater.
- ✦ **Sewage Treatment** - Efficient solutions for sewage processing.
- ✦ **Zero Liquid Discharge (ZLD)** - Technologies to recycle and reuse water, leaving zero liquid waste.
- ✦ **Water Purification and Desalination** - Sustainable and cost-effective systems for water purification and desalination.
- ✦ **Operation and Maintenance** - Company offers comprehensive Operations and Maintenance (O&M) services for water and wastewater treatment plants supplied & commissioned by Company.

## Revenue bifurcation geographical wise (In Cr.)—

Particulars	30 Sep 2024	FY'24	FY'23	FY'22
Domestic	92.38%	92.32%	86.06%	100%
Export	7.62%	7.68%	13.94%	0

## Financials —

(Fig in Cr)

Particulars	30 Sep 2024	FY'24	FY'23	FY'22
Revenue	21.70	53.08	34.57	19.51
EBITDA	2.07	8.88	4.18	(0.43)
EBITDA Margin	9.53%	16.73%	12.09%	(2.20%)
PAT	1.55	6.63	3.52	(0.65)
PAT Margin	7.14%	12.49%	10.18%	(3.33%)
CFOA(OCF)	(2.53)	(0.85)	2.59	(0.07)

## Segment Wise Revenue(In Cr.)—

Particulars	30 Sep 2024	FY'24	FY'23	FY'22
WTP	0.54	12.60	2.68	0.56
WWTP	3.77	25.55	12.63	16.58
ZLD	16.42	11.75	17.23	-
Services / O&M	0.53	1.27	1.21	1.55
Chemicals & Spares	0.44	1.91	0.82	0.82
Total	21.70	53.08	34.57	19.51

## Key Clientele List—

- Aditya Birla Group
  - Hero Motocorp
  - Jubilant
  - PepsiCo
- Ashok Leyland
  - Honda Cars
  - Lenskart
  - Piramal Pharma
- Haldiram
  - HUL
  - Mahindra & Mahindra

✦ **Current order book of the company on the date of filing of RHP is 119.29 Cr.**

## Positive and Negative Points—

### Positive Points

- ✦ The valuation is relatively low compared to peers.
- ✦ Consistent Growth in Revenue and PAT.
- ✦ Good Clientele List.
- ✦ Low Debts and Low D/E Ratio.
- ✦ There is no offer for sale. The entire IPO proceeds will go to the company.
- ✦ Increasing environmental regulations and industrial needs are driving demand for water treatment solutions.
- ✦ Merchant Banker (Share India) track record is good except Archit Nuwood case.

### Negative Points

- ✦ Negative Cash flow from operating activities (CFOA).
- ✦ As of September 30, 2024, the top customer accounted for 59.11% of the company’s total revenue.
- ✦ The company plans to use IPO funds for working capital, not new assets, raising concerns about liquidity as the funds may remain tied up.
- ✦ Corporate governance issues include delays in filing PF/ESI, GST, TDS returns, and MCA forms.



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## Peer Comparison —

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Apex Ecotech Ltd. (FY 2024)	53.08 Cr.	8.88 Cr (16.73%)	6.63 Cr. (12.49%)	0.03	96.25 Cr.	14.51 Cr.
ION Exchange Ltd. (TTM)	2,548 Cr.	295 Cr. (11.58%)	215 Cr. (8.43%)	0.20	9,318 Cr.	43.30
VA Tech Wabag Ltd. (TTM)	2,965 Cr.	387 Cr. (13.05%)	266 Cr. (8.97%)	0.22	10,440 Cr.	40.10

## Conclusion —

- Strategic Focus:** Apex Ecotech Limited operates in the critical water and wastewater management sector, addressing the growing demand for sustainable practices.
- Small Scale:** Apex Ecotech is relatively small in size, which limits its market presence and growth potential compared to larger competitors.
- Low P/E Ratio:** The company’s low price-to-earnings ratio makes its valuation attractive, providing a potential opportunity for investors.
- Working Capital Allocation:** The IPO proceeds are being used for working capital management rather than creating new assets, raising concerns about long-term growth and asset expansion.
- Revenue Dependence:** Heavy reliance on a single customer for a significant portion of revenue (59.11%) highlights the need for diversification to mitigate risks.





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