

## Maxpure Water System Private Limited

June 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	25.00 (Enhanced from 15.00)	CARE BB; Stable	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

In the absence of receipt of surveillance fees, in line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) had placed the rating of bank facilities of Maxpure Water System Private Limited (MWSPL) into 'ISSUER NOT COOPERATING'. However, the entity has now provided the annual surveillance fees. Hence, CareEdge Ratings has carried out a full review and the rating stands at 'CARE BB; Stable'.

The reaffirmation in the rating assigned to the bank facilities of Maxpure Water System Private Limited (MWSPL) is on account of stable operational and financial performance during FY25 (Provisional, refers to the period April 01 to March 31). The rating continues to remain constrained on account of its thin profitability margins, moderate capital structure and debt coverage indicators along with stretched liquidity. The rating, further, continues to remain constrained on account of its presence in highly fragmented and competitive nature of business and susceptibility of profit margins towards foreign exchange fluctuations.

The rating, however, continues to derive strength from its moderate scale of operations with increased focus on own branded products, the long experience of promoters coupled with well-established operations and long-term relationship with its clientele.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in total operating income (TOI) by more than Rs.100 crores with achieving PBILDT margin of more than 5% on sustained basis.
- Improvement in capital structure marked by an overall gearing below 1x along with TDGCA of 7 years or less on a sustained basis.

#### Negative factors

- Decline in TOI to below Rs.50 crore or PAT margin of 1% or below
- Deterioration in overall gearing above 2x coupled with TDGCA of 15 years or above
- Elongation in operating cycle to 150 days or above

### Analytical approach: Standalone

#### Outlook: Stable

CareEdge Ratings believes that the company shall sustain its moderate financial risk profile in the medium term and shall continue to derive benefit from experienced promoters.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Thin profitability margins

MWSPL's profitability margins continued to remain thin inherent to low margin trading nature of the business. Thus, the PBILDT margin and PAT margin remained at par with the previous year at 4.49% and 1.66% respectively during FY25 (P.Y.: 4.31% and 1.63% respectively) due to higher finance cost.

##### Moderate capital structure and debt coverage indicators

Capital structure remained moderate marked by overall gearing of 1.33x as on March 31, 2025, as against 1.13x as on March 31, 2024, owing to increase in working capital borrowings. Further, debt coverage indicators remained moderate marked by interest coverage ratio of 2.22 times during FY25 as against 2.25 times during FY24. TDGCA remained at 12.19x as on March 31, 2025 (P.Y.: 9.73x).

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## **Presence in highly fragmented and competitive nature of business and susceptibility of profit margins towards foreign exchange fluctuations**

MWSPL's presence in highly fragmented and competitive water treatment systems and components industry results into low entry barriers. As a result, the company must compete with many small as well as large established players, thus restricting growth in its operating margin. Further, MWSPL import its parts from Asian countries. Its business is exposed to fluctuation in forex rates. As MWSPL is not using any active hedging policy for the same hence the company is exposed to foreign exchange fluctuation risk which could have an adverse impact on its profit margins.

## **Key strengths**

### **Experienced promoters**

Mr. Kailash Shah and Mr. Sampatraj Jhabak have long experience in trading business with wide knowledge of Reverse Osmosis (RO) process, its elements, filters, accessories, fittings, etc. Both are actively involved in overall management of the company. Over the period, the company has also established strong presence into its business segment, and it has established long-term relationship with its customers as well. Promoters have established 12 sales offices and more than 300 distributors across India.

### **Moderate scale of operations**

The scale of operations marked by total operating income improved to Rs.85.84 crore during FY25 as against Rs.83.83 crore during FY24. During 2MFY26, MWSPL has reported TOI of Rs.18.20 crore.

### **Well-established operations and long-term relationship with its clientele**

MWSPL has a well-established presence in the water system industry since its incorporation. The promoters have succeeded in building healthy and long-term relationships over a long period with their customers. Furthermore, till FY23 MWSPL was an exclusive distributor of VONTRON for its RO product in India however from FY24 onwards, the company has shifted to supply its products under its own brand name "Maxpure". Thus, the rich experience of the promoters and their established relations with customers and suppliers have provided operating efficiency in addition to garnering market wide acceptance for Maxpure products. MWSPL has 12 sales offices across major cities in India i.e. Delhi, Ludhiana, Jaipur, Udaipur, Indore, Ahmedabad, Rajkot, Surat, Chennai, Secunderabad, Bangalore and Nagpur along with more than 300 dealers.

### **Liquidity: Stretched**

The liquidity position remained stretched marked by elongated operating cycle and low cash and bank balance. Average utilization of working capital limits remained ~70% for past twelve months ended May 31, 2025. Cash and bank balance remained low at Rs.0.15 crore as on March 31, 2025. Operating cycle remained elongated at 111 days during FY25 as against 101 days during FY23 due to increase in inventory days. Further, current ratio remained at 1.89 times as on March 31, 2025. Cash flow from operating activity stood negative at Rs.2.00 crore during FY25 as against Rs.3.13 crore during FY24. MWSPL reported gross cash accruals of Rs.1.65 crore during FY25 as against nil debt repayment obligation in FY25.

## **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

## **About the company and industry**

### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Incorporated in November 2005 as a private limited company, Surat-based Maxpure Water System Private Limited (MWSPL) is engaged in trading of water treatment systems and components in water filtration industry with 12 sales office pan India. MWSPL is promoted by Mr. Kailash Shah & Mr. Sampatraj Jhabak. Company's product portfolio consists of wide range of products such as commercial Reverse Osmosis (RO) systems, bracket and clamp, water pumps, RO elements, filter housing, filters, accessories, and fittings. MWSPL is supplying its products under brand names viz. Filmax, Pure-Max, Seikon, Wamax, Grand Aqua- Max and Water max. MWSPL is also a member of Water Quality Association and Water Purification & Treatment Association of Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	83.83	85.84
PBILDT	3.62	3.85
PAT	1.36	1.43
Overall gearing (times)	1.13	1.33
Interest coverage (times)	2.25	2.22

A: Audited P: Provisional; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE BB; Stable

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	25.00	CARE BB; Stable	1)CARE BB; Stable; ISSUER NOT COOPERATING* (08-Apr-25)	-	1)CARE BB; Stable (26-Mar-24)	1)CARE BB; Stable (28-Feb-23)

\*Issuer did not cooperate; based on best available information.

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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