

Press Release

Enpro Industries Private Limited

August 16, 2022

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	102.00	-	ACUITE A2 Reaffirmed
Bank Loan Ratings	183.50	ACUITE BBB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	285.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as ACUITE triple B plus) and the short-term rating at '**ACUITE A2**' (read as ACUITE A two) on the Rs. 285.50 crore bank facilities of Enpro Industries Private Limited (EIPL). The outlook is 'Stable'.

Rationale for Reaffirmation

The rating on EIPL takes into account the growth expected in the operating income and stability in operating margins over the medium term. The rating is supported by the experienced management, long track record of operations and comfortable financial risk profile.

About the Company

Pune-based, EIPL was established as a partnership firm by Mr. Shrikrishna Karkare and Mrs. Alka Karkare in the year 1988 and later reconstituted as a private limited company in 1999. The company is engaged in the designing and manufacturing of mechanical fluid systems such as lubes oil systems, filtration skids and fuel handling systems among other customized applications for power, petrochemical, chemical & fertilizers, refineries and process industries. Further, it has recently doubled its manufacturing capacity and added a new 'Process Equipment Division' to expand its presence across different product lines and industries. EIPL has its manufacturing facility in Markal, Pune and also has its presence abroad with regional offices in North America, Middle East, Europe, Japan and Korea to cater to the export markets.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of EIPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced Management

Acuite Ratings & Research Limited

www.acuite.in

Incorporated in 1991, EIPL is promoted by Mr. Shrikrishna Karkare and Mrs. Alka Karkare, who have an experience of more than three decades in the aforementioned line of business. The extensive experience of promoters in the industry has helped the company in developing long-standing relationships with its customers and suppliers by the way of repetitive orders from them. Furthermore, EIPL caters to a set of reputed clientele such as Mitsubishi Hitachi Power Systems India Private Limited in power sector, GE Oil & Gas India Private Limited in Oil & Gas industry and IFFCO Limited in Chemical & Fertilizers industry. In addition to this, the company recently expanded its customer portfolio to industries such as food processing, pharmaceutical, agriculture and defence.

Financial Risk Profile

EIPL has Healthy financial risk profile marked by healthy net worth and strong debt protection metrics. EIPL's net worth stood at Rs. 233.22 Cr as on 31st March 2022(Prov.) as against Rs. 194.40 Cr as on 31st March 2021(Audited). Gearing levels (debt-to-equity) stood at 0.58 times as on March 31, 2022 as against 0.66 in FY 2021 (Audited). Further, the interest coverage ratio stood strong at 6.34 times for FY2022 (Prov.) as against 5.58 times in FY2021. However, Debt service coverage ratio moderated and stood at 2.23 times in FY2022 (Prov.) in comparison to 2.74 times in FY2021 (Audited). Total outside liabilities to total net worth (TOL/TNW) stood at 0.90 times as on FY2022 (Prov.) vis-à-vis 1.07 times as on FY2021 (Audited). However, Debt-EBITA stood at 1.67 times as on 31st March 2022(Prov.) as against 1.33 times as on 31st March 2021.

Weaknesses

Intensive working capital operations

EIPL has intensive working capital requirements as evident from gross current assets (GCA) of 381 days in FY2022 as compared to 358 days in FY2021. Debtor days have increased marginally to 140 days in FY2022 as against 133 days in FY2021. The intensiveness of the working capital requirements is primarily due to inherent nature of industry. This intensive requirement for working capital is however mitigated to an extent on account of healthy profitability leading to moderate reliance on working capital limits. The working capital limits are utilized at ~88 per cent during the last Six months. Further, the current ratio of EIPL stood at 1.68 times as on March 31, 2022.

Rating Sensitivities

1. Significant improvement in operating performance of the firm leading to improvement in overall financial risk profile
2. Any deterioration in its liquidity leading to deterioration in debt protection metrics.
3. Improvement in working capital cycle.

Material covenants

None

Liquidity Position

Strong

EIPL has Strong liquidity marked by adequate net cash accruals to its maturing debt obligations. Firm generated cash accruals of Rs. 56.18 crore for FY2022 (Prov.) as against Rs. 18.06 crore of repayment obligations for the same period. Current Ratio stood at 1.68 times as on 31 March 2022(Prov.) as against 1.55 times in the previous year. Therefore, firm has Strong liquidity to meets its requirements.

Outlook: Stable

Acuité believes that EIPL will maintain a 'Stable' outlook over the medium term on account of its management's extensive experience and healthy relationship with existing clients. The outlook may be revised to 'Positive' if the firm is able to sustain growth in revenues while maintaining its profitability and improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of any stretch in its working capital management leading to deterioration of its financial risk profile and liquidity profile.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	303.89	273.05
PAT	Rs. Cr.	39.13	42.76
PAT Margin	(%)	12.87	15.66
Total Debt/Tangible Net Worth	Times	0.58	0.66
PBDIT/Interest	Times	6.34	5.58

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument<https://www.acuite.in/view-rating-criteria-55.htm>**Rating History**

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 May 2021	Letter of Credit	Short Term	4.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Proposed Bank Facility	Long Term	2.79	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Cash Credit	Long Term	41.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	14.73	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Cash Credit	Long Term	23.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Standby Line of Credit	Short Term	10.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Term Loan	Long Term	3.96	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	3.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Letter of Credit	Short Term	6.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Term Loan	Long Term	9.80	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Bank Guarantee	Short Term	13.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Term Loan	Long Term	2.37	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Bank Guarantee	Short Term	10.00	ACUITE A2 (Upgraded from ACUITE A3+)

	Cash Credit	Long Term	43.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	10.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	14.75	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	4.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Term Loan	Long Term	1.10	ACUITE BBB+ Stable (Upgraded from ACUITE BBB)
	Bank Guarantee	Short Term	69.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	13.00	ACUITE BBB (Withdrawn)
	Bank Guarantee	Short Term	13.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	14.75	ACUITE BBB Positive (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB Positive (Reaffirmed)
10 Feb 2021		Short		
	Letter of Credit	Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	43.00	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	9.80	ACUITE BBB Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	2.79	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	23.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB Positive (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A3+ (Assigned)
	Term Loan	Long Term	14.73	ACUITE BBB Positive (Reaffirmed)
	Bank Guarantee	Short Term	11.00	ACUITE A3+ (Withdrawn)
	Bank Guarantee	Short Term	69.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	3.96	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	1.10	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	2.37	ACUITE BBB Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	16.50	ACUITE BBB Stable (Reaffirmed)

04 Oct 2019	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	17.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	42.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	43.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB Stable (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	11.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	69.00	ACUITE A3+ (Reaffirmed)
	Standby Line of Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	5.54	ACUITE BBB Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	51.66	ACUITE BBB Positive (Reaffirmed)
30 Oct 2018	Bank Guarantee	Short Term	11.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	16.30	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	43.00	ACUITE BBB Positive (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	69.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Positive (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	43.00	ACUITE BBB Positive (Reaffirmed)
	Standby Line of Credit	Long Term	2.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB Positive (Reaffirmed)

02 Jan 2018	Cash Credit	Long Term	10.00	ACUITE BBB Positive (Assigned)
	Term Loan	Long Term	0.19	ACUITE BBB Positive (Assigned)
	Term Loan	Long Term	17.00	ACUITE BBB Positive (Assigned)
	Term Loan	Long Term	56.31	ACUITE BBB Positive (Reaffirmed)
	Bank Guarantee	Short Term	11.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	44.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A3+ (Reaffirmed)
29 Jun 2017	Cash Credit	Long Term	31.00	ACUITE BBB Stable (Reaffirmed)
	Standby Line of Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	12.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short	7.00	ACUITE A3+ (Reaffirmed)

	Bank Guarantee	Term Short Term	28.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A3+ (Reaffirmed)
18 Mar 2016	Cash Credit	Long Term	85.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	12.00	ACUITE BBB Stable (Assigned)
	Standby Line of Credit	Short Term	2.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	48.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A2 Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	69.00	ACUITE A2 Reaffirmed
Saraswat Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE A2 Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	56.00	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	41.00	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	23.00	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A2 Reaffirmed
Saraswat Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A2 Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	16.30	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	0.25	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	2.64	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	1.78	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	9.85	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	9.41	ACUITE BBB+ Stable Reaffirmed
							ACUITE

Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	8.31	BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	1.52	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	1.69	ACUITE BBB+ Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	11.75	ACUITE BBB+ Stable Reaffirmed

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Himanshu . Senior Analyst-Rating Operations Tel: 022-49294065 himanshu.mehta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.