



Press Release
ENPRO INDUSTRIES PRIVATE LIMITED
December 01, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	115.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	183.50	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	102.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	400.50	-	-

Rating Rationale

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

Further Acuite has assigned the long-term rating '**ACUITE A-**' (read as **ACUITE A Minus**) on the Rs. 115 crore proposed bank facilities of Enpro Industries Private Limited. The outlook is '**Stable**'

Rationale for the rating

Acuite factors in experienced management, Improvement in Business, Healthy financial risk profile and adequate liquidity profile of the company

The revenue from operations of the company witnessed substantial improvement to Rs. 345.01 crore in FY2023 as against Rs. 298.59 crore in FY2022. The operating profit margin of the company remains stable with minuscule dip of 140 bps in FY 23. Operating Profit Margin of company stood at 25.33% in FY2023 as against 26.73% in FY2022. Similarly, PAT Margin stood at 12.92 Percent in FY 2023 as against 13.27 percent in FY 2022. Coupled to this gearing improved in FY 23 and coverage indicators stood Strong.

Acuite believes that the company will grow its scale of operations in the volume terms and improve profitability while maintaining a healthy capital structure.

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.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced Management

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.

Business risk profile-Improved

EIPL's operation witnessed improvement which is apparent from growth in revenue from operations by ~16% in FY2023 to Rs 345.01 crore as against Rs. 298.59 crore for FY2022 (~26 percent from FY 21 to FY 23). The operating profit margin of the company decreased by 140 bps in FY 23. Operating Profit Margin of company stood at 25.33% in FY2023 as against 26.73% in FY2022. Net profit margin of the company remains stable in FY 23 with minuscule fall by 35 bps and stood at 12.92 percent in FY2023 as against 13.27 percent in FY 22. ROCE of the company stood at 19.25 times in FY2023.

lier. Increase in net worth is on account of Profit accretion.

Financial Risk Profile- Healthy

Company has healthy financial risk profile marked by strong net worth, low gearing and strong coverage indicators The Total Tangible net worth stood at Rs. 278.77 Cr as on 31st March 2023 as against Rs. 233.79 Cr a year earlier. Increase in net worth is on account of Profit accretion. Company follows conservative leverage policy marked by low gearing. Debt to Equity ratio improved and stood at 0.52 times in FY 2023 as against 0.58 times in FY 22.

Interest coverage ratio stood strong at 5.60 times for FY2023 as against 6.45 times in FY2022. Likewise, Debt Service coverage ratio stood comfortable at 2.39 times for FY2023 as against 2.25 times in FY2022.

Total outside liabilities to total net worth (TOL/TNW) stood at 0.94 times as on FY2023 vis-à-vis 0.97 times as on FY2022. Debt-EBITA stood at 1.59 times as on 31st March 2023 as against 1.64 times as on 31st March 2022. The Net Cash Accruals to Total debt stood at 0.41 times as on FY2023 and 0.42 times for FY2022. The financial risk profile of the company is expected to improve and remain comfortable in medium terms.

Weaknesses

Working capital operations- Intensive

Company has intensive working capital requirements as evident from gross current assets (GCA) of 427 days in FY2023 as compared to 396 days in FY2022. Intensiveness of Working capital is on account of Inventory Days. Company has to maintain its inventory based on orders in hand. Inventory days stood at 274 days in FY 23 (242 days in FY22). Debtor days stood at 149 days in FY2023 as against 145 days in FY 22. Fund based working capital limits are utilized at ~87 per cent during the last twelve months ended August 23.

Rating Sensitivities

Significant improvement in operating performance of the firm leading to improvement in overall financial risk profile

Any deterioration in its liquidity leading to deterioration in debt protection metrics.

Improvement in working capital cycle.

All Covenants

None

Liquidity Position

Adequate

Company has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio and cushion available in working capital limits. Company generated cash accruals of Rs. 59.87 crore for FY2023 as against obligations of Rs. 15.54 crore for the same period. Current Ratio stood at 1.73 times as on 31 March 2023 as against 1.61 times in the previous year. Fund based working capital limits are utilized at ~87 per cent during the last twelve months ended August 23 leaving additional cushion in working capital limits to meet contingencies. Cash and Bank Balances of company stood at Rs 0.01 crore.

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 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	345.01	298.59
PAT	Rs. Cr.	44.56	39.61
PAT Margin	(%)	12.92	13.27
Total Debt/Tangible Net Worth	Times	0.52	0.58
PBDIT/Interest	Times	5.60	6.45

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.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

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Nov 2023	Proposed Bank Facility	Long Term	16.30	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	2.64	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	9.85	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	8.31	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	1.69	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	23.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	56.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	0.25	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Letter of Credit	Short Term	4.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Letter of Credit	Short Term	6.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Term Loan	Long Term	9.41	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	11.75	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Bank Guarantee	Short Term	69.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee	Short Term	13.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee	Short Term	10.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Term Loan	Long Term	1.52	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	41.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	1.78	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Bank Guarantee	Short Term	10.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	9.41	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	56.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	9.85	ACUITE BBB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	69.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	1.78	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	41.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.52	ACUITE BBB+ Stable (Reaffirmed)
		Long		

16 Aug 2022	Term Loan	Term	11.75	ACUITE BBB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	0.25	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	23.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	8.31	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.69	ACUITE BBB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	2.64	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	16.30	ACUITE BBB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Reaffirmed)
19 May 2021	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+)
	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)

10 Feb 2021	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)
	Letter of Credit	Short 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)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	69.00	ACUITE A2+ Reaffirmed
Saraswat Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A2+ Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	56.00	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	41.00	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	23.00	ACUITE A- Stable Reaffirmed
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A2+ Reaffirmed
Saraswat Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A2+ Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	16.30	ACUITE A- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	115.00	ACUITE A- Stable Assigned
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.25	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.64	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.78	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.85	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.41	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.31	ACUITE A- Stable Reaffirmed
Saraswat	Not	Term Loan	Not	Not	Not	Simple	1.52	ACUITE A- Stable

Bank	Applicable		available	available	available			Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.69	ACUITE A- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	11.75	ACUITE A- Stable Reaffirmed

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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.

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