



Press Release
Excel Process Private Limited
October 09, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.05	ACUITE B+ Stable Reaffirmed	-
Bank Loan Ratings	0.95	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	10.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 10.00 Cr bank facilities of Excel Process Private Limited (EPPL). The outlook is '**Stable**'.

Rationale for Rating Reaffirmation

The rating reaffirmation considers the stable operating and financial performance of EPPL. The operating income improved to Rs.23.29 Cr in FY2023(prov.) as against Rs.14.52 Cr in FY2022. The financial risk profile continues to remain average with improved albeit high gearing and average debt-protection metrics.

About the Company

Excel Process Private Limited, is a Gujarat based private limited company which was incorporated in 1960 by Mr. Prabubhai Desai. The company is in the line of manufacturing industrial nameplates, heat sinks, monograms & logos, speaker grills and specialized panels. The company's manufacturing facility is located in Gujarat with a capacity of 11,825 Components, 833 Engraving products, 2,17,280 Grills, 5,11,152 Heat Sink, 30 Jobwork orders, 4,01,47,233 Labels, 22,68,825 Logos and 78,185 Panels.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Excel Process Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations with experienced management and reputed clientele

Excel Process Private Limited was incorporated in 1960 by Mr. Prabubhai Desai. The company is currently owned and operated by Mr. Harish Prabhubhai Desai, Mr. Vinay Prabhubhai Desai and Mr. Neel Harish Desai along with other family members. The directors on an average have more than two decade of industry experience and are involved in day-to-day operations of the Company. The directors are also ably supported by an experienced team of industry experts and professionals, to look after the overall management.

The Company's vintage, which spans to over six decades of operations has enabled it to forge healthy relationships with its customers and suppliers. The company generates majority

of its revenue from original equipment's manufacturers (OEM's) of large companies from various sectors. and has developed an established & longstanding relationship with its

customers. The clientele of the Company includes reputed players like Godrej, Whirlpool, L&T and Ahuja. Strong association with these original equipment manufacturers (OEMs), results in increasing and repeated order flow.

Acuité believes that the company will sustain its existing business profile over the medium term on the back of an established track record of operations with an experienced management and reputed clientele.

Weaknesses

Average financial risk profile:

EPPL has an average financial risk profile marked by improved albeit high gearing levels, average net worth and debt-protection metrics. The tangible net worth stood at Rs.2.78 Cr as on 31 March 2023(Prov) as against Rs.1.93 Cr as on 31 March 2022. The gearing level of the company improved though remained high at 5.20 times as on 31 March 2023(Prov) as against 6.75 times as on 31 March 2022. The total debt outstanding of Rs.14.44 Cr consists of working capital borrowings of Rs.7.92 Cr, unsecured loan from promoters of Rs.4.47 Cr and the remaining as term loans as on 31 March 2023(Prov). The coverage ratios of the company are average with Interest Coverage Ratio (ICR) of 1.75 times for FY2023(Prov) against 1.73 times for FY2022. Also, the Debt Service Coverage Ratio (DSCR) stood at 1.23 times for FY2023(Prov) against 0.31 times for FY2022. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 6.81 times as on March 31, 2023(Prov) against 9.16 times as on March 31, 2022. Further, Net Cash Accruals to Total Debt (NCA/TD) stood at 0.07 times for both FY2023(Prov) and FY2022.

Intensive Nature of Working Capital Operations

The operations of the company are working capital-intensive in nature marked by improved though high GCA days of 221 for FY2023(Prov) as against 326 days for FY2022. The GCA days are led by moderate debtor and inventory days and other current assets comprising of advances to suppliers and sister concerns and other receivables. The debtor days stood at 41 days in FY2023(Prov) against 65 days in FY2022. The company generally extends a credit period of up-to 60 days to its customers. The inventory days stood at 70 days in FY2023(Prov) against 82 days in FY2022. The creditor days stood at 85 days in FY2023(Prov) against 160 days in FY2022. The average utilization of the fund-based working capital limits of the company remained high at ~96 percent for last 7 months ending July 2023.

Susceptibility of operating margins to volatility in raw material prices.

EPPL manufactures industrial nameplates, heat sinks, monograms & logos, speaker grills and specialized panels, which is sold to key customers/OEMs like Godrej, Aditya Birla, Bajaj, Whirlpool, L&T, Ahuja, Mercedes Benz, Tata, Philips, Videocon, Mahindra amongst others, where the company has limited bargaining power due to high competitive pressures within the industry. The company, on the other hand, procures raw materials through domestic markets, the prices of which have remained volatile in the past few years. Further, EPPL has limited flexibility while passing on the raw material price changes to the customers leading to volatile profitability as reflected in a range bound EBITDA at ~ 11 per cent over the last two years.

Rating Sensitivities

Improvement in scale of operations while maintaining profitability and improving debt profile. Deterioration in working capital operations leading to deterioration in financial risk profile and liquidity.

All Covenants

Not Applicable

Liquidity Position Stretched

EPPL has stretched liquidity position marked by average net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs.1.06 Cr in FY2023(Prov) against maturing debt obligations of Rs.0.57 Cr. The cash accruals of the company are estimated to remain around Rs.1.67-2.51 Cr during 2023-25 period while its matured debt obligations are estimated to be in the range of Rs. 0.64-0.60 Cr during the same

period. The average utilization of the fund-based working capital limits of the company remained on the higher side at ~96 percent for last 7 months ending July 2023. Furthermore, the company maintains unencumbered cash and bank balances of Rs.0.35 crore as on March 31, 2023(Prov) and the current ratio also stood moderate at 1.08 times as on March 31, 2023(Prov).

Outlook: Stable

Acuité believes EPPL outlook with remain 'Stable' over the medium term on account of established track record of operations with experienced management and reputed clientele. The outlook may be revised to 'Positive' in case of significant and sustainable improvement in revenue and profitability while effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in the liquidity profile or financial risk profile of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	23.29	14.52
PAT	Rs. Cr.	0.26	0.19
PAT Margin	(%)	1.12	1.28
Total Debt/Tangible Net Worth	Times	5.20	6.75
PBDIT/Interest	Times	1.75	1.73

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>
- 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
19 Jul 2022	Cash Credit	Long Term	3.00	ACUITE B+ Stable (Reaffirmed)
	Proposed Ad-hoc limits (Fund Based)	Long Term	7.00	ACUITE B+ Stable (Reaffirmed)
26 Apr 2021	Cash Credit	Long Term	3.00	ACUITE B+ Stable (Assigned)
	Proposed Bank Facility	Long Term	7.00	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
UCO Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE A4 Reaffirmed
UCO Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE B+ Stable Reaffirmed
UCO Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.45	ACUITE A4 Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.55	ACUITE B+ Stable Reaffirmed
UCO Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE B+ Stable Reaffirmed
UCO Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.50	ACUITE B+ 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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