



Press Release
Excel Process Private Limited
January 03, 2025
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 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE B+**’ (read as **ACUITE B plus**) and short-term rating of ‘**ACUITE A4**’ (read as **ACUITE A four**) on Rs. 10.00 Cr. bank facilities of Excel Process Private Limited (EPPL). The outlook remains ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation takes into account the stable operating and financial performance of EPPL. Further, the rating factors the extensive experience of management in the industry along with its longstanding relationship with reputed original equipment manufacturers. The rating is, however, constrained by company’s modest growth of operating performance and intensive working capital operations. Acuite believes that the company's ability to grow its scale of operations while improving the financial profile remains a key rating indicator.

About the Company

Incorporated in 1960, Excel Process Private Limited is a Valsad-Gujarat based company and has its registered office in Mumbai, Maharashtra. The company is engaged in the manufacturing of industrial nameplates, heat sinks, monograms & logos, speaker grills and specialized panels and the manufacturing plant is located at Killa Pardi, Valsad. The company holds a manufacturing capacity of 11,825 Components, 833 Engraving products, 2,17,280 Grills, 5,11,152 Heat Sink, 4,01,47,233 Labels, 22,68,825 Logos and 78,185 Panels. The current directors of the company are Mr. Vinay Prabhubhai Desai, Mr. Neel Harish Desai and Mr. Harish Prabhubhai Desai.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record of operations with experienced management and reputed clientele

EPPL was established by Mr. Prabhubhai Desai in 1960. 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 hold more than two decades of industry experience and are involved in day-to-day operations of the company.

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 the established relationship have resulted into repeated order flows. The clientele of the company includes reputed players like Godrej, Whirlpool, L&T, Havells, Ahuja, etc.

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.

Moderate financial risk profile driven by increase in the net worth

EPPL's improving financial risk profile is marked by its average net worth, moderate gearing and debt protection metrics. The tangible net worth of the company stood at Rs. 5.06 Cr. as on March 31, 2024, as against Rs. 2.35 Cr. as on March 31, 2023, owing to conversion of unsecured loans of Rs. 2.56 Cr. to equity in FY24. This also led to improvement in company's gearing which stood at 2.46 times as on March 31, 2024, as against 6.11 times in the March 31, 2023. The coverage ratios of the company remained moderate with Interest Coverage Ratio (ICR) of 1.57 times for FY24 against 1.70 times for FY23. Also, the Debt Service Coverage Ratio (DSCR) stood improved at 1.09 times for FY24 against 1.18 times for FY2023.

Acuité believes, the financial risk profile of the company shall continue to remain moderate driven by improving net worth and no major debt funded capex.

Weaknesses

Modest scale of growth in operating performance

The revenue of the company remained stable at Rs. 23.91 Cr. in FY24 as against Rs. 23.29 Cr. in FY23. Further, the PAT margins declined and stood at 0.49 percent in FY2024 as against 1.16 percent in FY2023. However, the operating margins slightly improved at 10.68 percent in FY24 as compared to 9.97 percent in FY23, owing to the decline in input cost. The company generates 80-85% of the revenue from the domestic market and remaining 15-20% from international market like Australian and Gulf countries.

Acuité expects that going forward, the operating performance shall improve with better industry growth prospects and focus on exports.

Intensive nature of working capital operations marked by high gross current asset days

The operations of the company are working capital-intensive in nature marked by GCA of 211 days in FY2024 as against 218 days in FY2023. The GCA days are driven by moderate debtor and inventory days and other current assets comprising of advances to suppliers and sister concerns and other receivables. The inventory days stood at 66 days in FY24 as against 67 days in FY23. The debtor days stood at 45 days in FY24 as against 41 days in FY23. The company generally extends a credit period of 30-45 days to its customers. The creditor days stood at 92 days in FY2024 as against 85 days in FY2023. The company generally receives a credit period of around 60-90 days from its suppliers.

Acuité believes that the working capital operations will remain intensive over the medium term owing to the nature of business of the company.

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 highly competitive pressures within the industry. The company, on the other hand, procures raw materials such as aluminium, PVA plastics through domestic markets and 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.

Rating Sensitivities

- Growth in scale of operations with improving profitability and improving debt profile
- Improvement in the working capital operations and liquidity

Liquidity Position Stretched

EPPL has slightly stretched liquidity position marked by average net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs. 0.93 Cr. in FY2024 against maturing debt obligations of Rs. 0.72 Cr. The cash accruals of the company are estimated to remain in the range of Rs. 1.30-1.60 Cr. during 2025-26 period while its maturing debt obligations are estimated to be around Rs. 0.72 Cr. during the same period.

The average utilisation for the fund based bank facility is ~93.89 percent and for the non-fund based facility the average utilisation stood at ~49.47 percent for the last six months ended November' 2024. Furthermore, the company maintains unencumbered cash and bank balances of Rs. 0.30 Cr. as on March 31, 2024. The current ratio stood at 1.03 times as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 23.91 | 23.29 |
| PAT | Rs. Cr. | 0.12 | 0.27 |
| PAT Margin | (%) | 0.49 | 1.16 |
| Total Debt/Tangible Net Worth | Times | 2.46 | 6.11 |
| PBDIT/Interest | Times | 1.57 | 1.70 |

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 |
|-------------|-------------------------------------|------------|-----------------|---------------------------------|
| 09 Oct 2023 | Letter of Credit | Short Term | 0.45 | ACUITE A4 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 0.50 | ACUITE A4 (Reaffirmed) |
| | Cash Credit | Long Term | 3.00 | ACUITE B+ Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 0.55 | ACUITE B+ Stable (Reaffirmed) |
| | Secured Overdraft | Long Term | 5.00 | ACUITE B+ Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.50 | ACUITE B+ Stable (Reaffirmed) |
| 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) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------|----------------------|----------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|---------------------------------|
| UCO Bank | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 0.50 | Simple | ACUITE A4 Reaffirmed |
| UCO Bank | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 3.00 | Simple | ACUITE B+ Stable Reaffirmed |
| UCO Bank | Not avl. / Not appl. | Letter of Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 0.45 | Simple | ACUITE A4 Reaffirmed |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 0.27 | Simple | ACUITE B+ Stable Reaffirmed |
| UCO Bank | Not avl. / Not appl. | Secured Overdraft | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00 | Simple | ACUITE B+ Stable Reaffirmed |
| UCO Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Oct 2028 | 0.78 | Simple | 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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