



Press Release
WHEEL FLEXIBLE PACKAGING PRIVATE LIMITED
February 28, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	29.12	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	6.80	-	ACUITE A4+ Assigned
Bank Loan Ratings	13.20	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	49.12	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at '**ACUITE BB+**' (read as **ACUITE Double B Plus**) on Rs. 29.12 Cr. bank facilities and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 13.20 Cr. bank facilities of Wheel Flexible Packaging Private Limited (WFPPL). The outlook remains '**Stable**'. Further, Acuite has assigned the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 6.80 Cr. bank facilities of Wheel Flexible Packaging Private Limited (WFPPL).

Rationale for reaffirmation

The reaffirmation in rating takes into account the improving operating performance of the group with moderate revenue growth and increasing margins. The rating draws comfort from the established position of the group in the flexible packaging industry. While the ratings factors in the improvement the capital structure of the group, the financial risk profile continues to remain average on account of low debt protection metrics. Further, the rating is constrained by the intensive working capital operations leading to high bank limit utilizations along with a stretched liquidity position coupled with high susceptibility to volatility in input cost and intense competition.

About the Company

Wheel Flexible Packaging Private Limited was incorporated in 2016. The company is engaged in manufacturing of printed, unprinted & laminated pouches and rolls. The company procures polyester, granules, ink and processes the same to produce packaging material in its factory located in Vapi, Gujarat. The present directors are Mr. Balachandran Kammaran Nambiar and Mrs. Vidya Ramesh Pathak. The registered address is in Dadra & Nagar Haveli.

About the Group

Wheel Group was founded in 1992 by Mr. A.C.B. Nambiar. The group is engaged in manufacturing of printed, unprinted & laminated multilayer flexible packaging material in form of pouches and rolls based on polyester, biaxially oriented polypropylene (BOPP), etc. and other variety of similar products. The group has a total installed capacity of 24,000 MT per annum with 55-60 percent utilization.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For arriving at the rating, Acuité has taken a consolidated view on the business and financial risk profile of Wheel Flexible Packaging Private Limited (WFPPL) and Wheel Flexible Packaging (WFP) collectively referred to as the Wheel Group (group). The consolidation is in view of the entities similar business model, common management, operational and financial synergies.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

WFP was established in 1999, and WFPPL was incorporated in 2016. Thus, both the entities have an operational track record of over two decades. Mr. A.C.B. Nambiar i.e Managing Partner has an experience of around five decades in the flexible packaging industry. The group manufactures plastic pouches and printed rolls for packaging, which are utilized by majorly by FMCG sector and pharmaceutical industries. Hence, long track records of operations and vast experience of management has helped the group diversify its customer base to domestic market and international markets like UK, USA, UAE, Peru, Jordan etc.

Improving margins with moderate revenue growth

The revenue of the group stood at Rs. 223.57 Cr. in FY2024 as against Rs. 217.41 Cr. in FY2023 and Rs. 174.72 Cr. in FY2022. While the volumes increased on y-o-y basis the decline in the realisation prices due to excess supply led to moderate growth in the revenue in FY2024. The major raw material for the group is plastic granules which is affected by volatility in crude oil prices. Therefore, the operating margins continued to improve on account of lower material cost and efficiency in operations. The operating margin stood improved at 8.53 percent in FY2024 as against 7.05 percent in FY2023 and 6.32 percent in FY2022. Further, the PAT margin also stood improved at 1.78 times in FY2024 as against 1.21 percent in FY2023 and 1.53 percent in FY2022. In FY25, the group recorded a revenue of Rs 164.10 Cr. till November 30, 2024.

Acuité believes that group will sustain its existing business profile on the back of established track record of operations and strategic decision by the management to increase its scale of operations which shall remain a key rating sensitivity.

Weaknesses

Average financial risk profile

The financial risk profile of the group is average marked with improving networth, moderate gearing and low debt protection indicators. The networth of the group stood improved at Rs. 45.38 Cr. on March 31, 2024 on account of accretion to reserves as well as consideration of unsecured loans from promoters of Rs. 7.43 Cr. as quasi equity. This led to improvement in gearing to 1.95 times on March 31, 2024 from 2.54 times in March 31, 2023. The Debt-EBITDA also improved but stood high at 4.54 times on March 31, 2024 as against 5.76 times on March 31, 2023. The debt protection metrics however stood low with interest coverage ratio at 1.91 times and debt service coverage ratio at 0.99 times in FY2024. The shortfall in the cash accruals was met through the unsecured loans from promoters.

The financial risk profile of the group is expected to improve going forward on account of improvement in the cash accruals as well as absence of any debt funded capex.

Intensive working capital operations

The working capital operations continue to remain intensive with gross current asset (GCA) of 208 days on March 31, 2024 as against 194 days on March 31, 2023. The GCA days is mainly influenced by higher inventory days of 134 days on March 31, 2024 as against 113 days on March 31, 2023. The debtor days stood at 74 days on March 31, 2024 as against 75 days in the previous year. The creditor days stood at 75 days on March 31, 2024 as against 65 days on March 31, 2023. The group provides their debtors an average credit period of 30 – 90 days and receives a similar credit period from its suppliers.

Acuité believes that the working capital cycle shall continue to remain at similar levels considering the nature of industry.

High susceptibility to volatility in input cost and intense competition

The price of plastic granules, the key raw material, is highly volatile as it is a derivative of crude oil which may

affect the profitability of the group. Further, the industry comprises of multiple players in unorganised market with low entry barriers which increases the competition thereby affecting both pricing and profitability.

Rating Sensitivities

- Substantial improvement in the scale of operation while maintaining profitability margins
- Deterioration in financial risk profile, leading to stretched liquidity position
- Restriction of further elongation in the working capital cycle

Liquidity Position Stretched

The liquidity position of the group remained stretched in FY2024 owing to net cash accruals (NCAs) of Rs. 7.97 Cr. in FY2024 against maturing debt obligations of Rs. 8.09 Cr. for the same period. The shortfall was met through the unsecured loans from promoters. However, in FY2025, the liquidity position of the group is expected to improve on account of improvement in operational performance. The group is also liquidating some assets (land) which is expected to further ease the liquidity of the group. Going forward, the NCAs of the group are expected to remain in the range of Rs 13.0-15.0 Cr. for FY2025 and FY2026 with repayments in the range of Rs. 5.94 - 7.43 Cr. The average bank limit utilization of the group stood high at 94.97 percent for six months ended December 31, 2024. The current ratio of the group stood at 1.19 times on March 31, 2024. The group also had an unencumbered cash and bank balance of Rs. 0.20 Cr. 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.	223.57	217.41
PAT	Rs. Cr.	3.98	2.63
PAT Margin	(%)	1.78	1.21
Total Debt/Tangible Net Worth	Times	1.95	2.54
PBDIT/Interest	Times	1.91	1.93

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

Not Applicable

Any Other Information

In FY23, the operating income and profits include inter company transactions.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
01 Dec 2023	PC/PCFC	Short Term	10.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Working Capital Term Loan	Long Term	2.01	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Term Loan	Long Term	5.52	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Working Capital Term Loan	Long Term	0.89	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Proposed Long Term Bank Facility	Long Term	1.40	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	17.98	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Cash Credit	Long Term	4.52	ACUITE BB+ Stable (Assigned)
05 Sep 2022	PC/PCFC	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Working Capital Term Loan	Long Term	2.01	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	8.12	ACUITE BBB- Negative (Reaffirmed)
	Working Capital Term Loan	Long Term	0.87	ACUITE BBB- Negative (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- Negative (Assigned)
	Working Capital Term Loan	Long Term	1.80	ACUITE BBB- Negative (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.98	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.52	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.20	Simple	ACUITE A4+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.80	Simple	ACUITE A4+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.95	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2026	3.44	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2026	1.23	Simple	ACUITE BB+ Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr . No.	Company Name
1	Wheel Flexible Packaging Private Limited
2	Wheel Flexible Packaging

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About Acuité Ratings & Research

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