



Press Release
East Hooghly Agro Plantation Private Limited
November 04, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	39.70	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	8.33	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	48.03	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and short term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.48.03 crore bank facilities of East Hooghly Agro Plantation Private Limited (EHAPPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating considers the benefits that the business derives from the well-established operations and skilled management, which is supported by its increasing revenue trend. The group saw a significant revenue increase to Rs. 263.49 Cr. in FY2024 from Rs. 188.59 Cr. in FY2023, but this was accompanied by a decline in EBITDA margins from 10.48% to 8.98% and PAT margins from 4.46% to 3.33%. The working capital cycle also elongated, with GCA days rising from 91 days to 103 days and working capital cycle days from 96 days to 99 days. Additionally, the interest coverage ratio fell from 6.09 times to 4.28 times, and the debt service coverage ratio decreased from 3.71 times to 3.19 times for FY2023 and FY2024 respectively. Despite increased volumes, the group struggled to pass on higher raw material costs to consumers, leading to reduced average realizations for the group.

About the Company

West Bengal-based, East Hooghly Agro Plantation Private Limited was incorporated in 2015 and started its commercial operation in 2017. The company is promoted by Mr. Krishna Chandra Mondal, Mr. Mainak Mondal, Mr. Bimal Pal and Mr. Kamal Pal. The company is engaged in manufacturing of HDPE tarpaulin, PP Leno Bag, HDPE Pipe, PVC and UPVC Pipe with an installed capacity of 20120 MTPA. The company has its manufacturing facility located at Hooghly, West Bengal.

About the Group

West Bengal-based, East Hooghly Polyplast Private Limited was established in the year 2009 by Mr. Krishna

Chandra Mondal, Mr. Mainak Mondal, Mr. Bimal Pal and Mr. Kamal Pal. The company is engaged in manufacturing of various kinds of LDPE Tarpaulin and HDPE Tarpaulin with an installed capacity of 8400 MTPA. The company's manufacturing facility is located in Hooghly, West Bengal.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile East Hooghly Polyplast Private Limited (EHPPL) and East Hooghly Agro Plantation Private Limited (EHAPPL). The same is on account of common management, same line of operations and significant operational and financial linkages. The group is herein being referred to as East Hooghly Group.

Key Rating Drivers

Strengths

Stable business operations with decrease in margins

The revenue of the group stood moderate at Rs. 263.49 Cr. in FY2024 as compared to Rs 188.59 Cr. in FY2023. Acuite believes that the revenue of the group will increase on account of increase in the ongoing demand in the market and well-established presence in the eastern part of the country. The operating margin of the group decreased to 8.98 per cent in FY2024 as compared to 10.48 per cent in FY2023, majorly due to increase in raw material prices and rise in administrative expenses. As a result, the PAT margin decreased to 3.33 per cent for FY2024 as compared to 4.46 per cent for FY2023.

Moderate financial risk profile

The group's financial risk profile is marked by moderate net worth, low gearing and healthy debt protection metrics. The tangible net worth of the group increased to Rs. 59.08 Cr. as on FY2024 from Rs. 49.63 Cr. as on FY2023 due to accretion of reserves. The gearing of the group stood low at 0.95 times as on FY2024 as against 0.86 times as on FY2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.10 times as on FY2024 as against 0.84 times as on FY2023. The healthy debt protection metrics of the group is marked by Interest Coverage Ratio of 4.28 times as on FY2024 and Debt Service Coverage Ratio of 3.19 times in FY2024. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.28 times as on FY2024. Acuité believes that going forward the financial risk profile of the group will remain healthy, with nil debt funded capex plans.

Weaknesses

Moderate working capital management

The working capital management of the group is marked by moderate Gross Current Assets (GCA) of 103 days in FY2024 as compared to 91 days in FY2023. The GCA days is mainly on account of the high inventory days of the group of 89 days in FY2024 as against 98 days in FY2023. However, the collection period of the group stood comfortable at 10 days in FY2024 as compared to 14 days in FY2023. Acuité believes that the working capital operations of the group will remain at same level as evident from efficient collection mechanism and moderate inventory levels over the medium term.

Competitive and fragmented nature of operations

The group is operating in competitive and fragmented nature of industry. There are several players engaged in the Plastic Packaging industry in organized and unorganized sector. Hence, the group might face pricing pressure from other competitors. Therefore, having an established brand name is of utmost importance in this industry along with continuous addition of value-added products in the product offerings.

Rating Sensitivities

- Ramp up of operations while improving their profitability margin
- Sustenance of their conservative capital structure
- Working capital management

Liquidity Position

Adequate

The group has adequate liquidity marked by adequate net cash accruals of Rs. 15.50 Cr. as FY 2024. The cash and bank balance stood at Rs. 2.43 Cr. for FY 2024 as compared to Rs 2.18 Cr. in FY2023. However, the bank limit of the group has been ~94 percent utilized during the last six months ended in August 2024. The current ratio of the group stood at 1.30 times in FY2024. Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	263.49	188.59
PAT	Rs. Cr.	8.78	8.41
PAT Margin	(%)	3.33	4.46
Total Debt/Tangible Net Worth	Times	0.95	0.86
PBDIT/Interest	Times	4.28	6.09

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

Not Applicable

Any Other Information

None

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, 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
07 Aug 2023	Working Capital Term Loan	Long Term	0.44	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	19.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.65	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.89	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	1.75	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3+ (Assigned)
	Proposed Bank Guarantee	Short Term	0.30	ACUITE A3+ (Reaffirmed)
12 Jul 2023	Bank Guarantee (BLR)	Short Term	1.75	ACUITE A3+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	3.81	ACUITE A3+ (Reaffirmed)
	Working Capital Term Loan	Long Term	0.62	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	19.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.76	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	6.09	ACUITE BBB Stable (Reaffirmed)
28 Apr 2022	Proposed Secured Overdraft	Long Term	6.00	ACUITE BBB (Reaffirmed & Withdrawn)
	Proposed Bank Guarantee	Short Term	4.25	ACUITE A3+ (Reaffirmed & Withdrawn)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3+ (Reaffirmed)
	Working Capital Term Loan	Long Term	0.34	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	2.35	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.14	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.79	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.80	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	4.86	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Bank Guarantee	Short Term	4.25	ACUITE A3+ (Assigned)

22 Feb 2021	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	0.79	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	6.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	4.86	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Working Capital Term Loan	Long Term	2.35	ACUITE BBB Stable (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.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.75	Simple	ACUITE A3+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.58	Simple	ACUITE A3+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	4.70	Simple	ACUITE BBB Stable Reaffirmed

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

Sr.No.	Company Name
1	East Hooghly Agro Plantation Private Limited
2	East Hooghly Polyplast Private Limited

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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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