



Press Release
Excel Pack Private Limited
August 23, 2023
Rating Reaffirmed & Withdrawn

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---------------------------------------|---------------------|-------------------------------------|-------------------|
| Bank Loan Ratings | 20.00 | ACUITE BB- Reaffirmed & Withdrawn | - |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 20.00 | - | - |

Rating Rationale

Acuite has reaffirmed & withdrawn its long term rating to '**ACUITE BB- (read as ACUITE double B minus)**' on bank facilities of Rs 20.00 crore of Excel Pack Private Limited. The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

Rationale for Reaffirmation

The rating is reaffirmed considering the stable operating and financial performance of EPPL. It is also supported by experienced management & market presence. However, the rating is constrained by the working capital intensive nature of operations & intense competition.

About the Company

Incorporated in the year 1999, EPPL is a Delhi based company. The MD of the company- Mr. Rajnish Mehra has been associated with the company since its inception and has an experience of more than two decades in the industry. The company is engaged in the manufacturing of various types of cap liners, i.e. induction heat seals cap liners and EP cap liner. It is also engaged in the production of flexible laminates. The company has its manufacturing unit located at Haridwar, Uttarakhand.

EPPL has a wholly owned subsidiary company- Amar Real Build Private Limited (ARBPL) which was incorporated in the year 2011. ARBPL is engaged in the real estate business and the company owns a property at Greater Kailash, New Delhi.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of EPPL to arrive at this rating.

Key Rating Drivers

Strengths

• **Established track record of operations and experienced management**

EPPL was incorporated in the year 1999. The Managing Director of the company Mr. Rajnish Mehra has been associated with the company since its inception and has an experience of more than two decades in the aforementioned industry and is ably assisted by an experienced second line of management. The extensive experience of the directors has helped the company to maintain a healthy relationship with its customers and suppliers. The operating income of the company has increased to Rs 121. 70 crore (Prov.) in FY2023 from

Rs.113.46 crore in FY2022. EBITDA Margin for the FY23 (Prov) stood at 12.98% as against FY22 at 13.54%. The Profit after tax margins (PAT) stood at 5.19% in FY23 (Prov) as against 3.91% in FY22.

Acuité believes that the company will benefit from the extensive experience of the directors, along with a healthy relationship with its customer and suppliers.

• **Average financial risk profile**

The financial risk profile of the company remained average marked by average net worth, gearing ratio & debt protection metrics. The net worth stood at Rs 55.50 Cr as on 31 March 2023 (Prov) as against Rs 49.75 Cr same period last year. The gearing level of the company remained at 1.28 times as on 31 March 2023 (Prov) as against 1.20 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 1.52 times in as on 31 March 2023 (Prov) compared against 1.54 times as on 31 March 2022. The debt protection matrices of the company is improving marked by Interest Coverage Ratio (ICR) of 3.50 times for FY23 (Prov) and Debt service coverage ratio (DSCR) of 1.18 times for the same period. Acuité believes that the financial risk profile of the company will remain average over the medium term.

Weaknesses

Working capital intensive nature of operations

The operations of the company remained working capital intensive in nature marked by GCA Days of 125 days for FY23 (Prov) as compared against 118 days for FY22. Furthermore, the receivables days stood at 69 days in FY23 (Prov) against 76 days in FY22. The inventory days of the company stood at 47 days for FY23 (Prov) as against 40 days for FY22. The creditor days stood at 38 days for FY23 (Prov) compared against 56 days for FY22.

Highly competitive and fragmented industry

The packaging industry is highly competitive and fragmented marked by the presence of many organized and unorganized players in this industry, thus putting pressure on the profitability margins of the company. However, this risk is partially mitigated by company's experienced management and long-standing relationships with its reputed clientele.

Rating Sensitivities

Significant improvement in operating performance

Any deterioration of its financial risk profile and liquidity position.

Any elongation of the working capital cycle leading to deterioration in debt protection metrics.

Material covenants

None

Liquidity Position

Adequate

The liquidity position of the company remains adequate marked by moderate net cash accruals of Rs 10.24 Cr in FY23 (Prov) against Rs 7.89 crore maturing debt obligations for the same period. The current ratio of the company stood at 0.90 times as on 31 March 2023 (Prov). The company has unencumbered cash and bank balances of Rs 0.29 Cr as on 31 March 2023 (Prov).

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 23 (Provisional) | FY 22 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 121.70 | 113.46 |
| PAT | Rs. Cr. | 6.32 | 4.44 |
| PAT Margin | (%) | 5.19 | 3.91 |
| Total Debt/Tangible Net Worth | Times | 1.28 | 1.20 |
| PBDIT/Interest | Times | 3.50 | 3.19 |

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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 |
|-------------|--------------------------------|------------|-----------------|--|
| 29 Jul 2022 | Cash Credit | Long Term | 18.00 | ACUITE BB- Stable (Downgraded from ACUITE BB Stable) |
| | Cash Credit | Long Term | 2.00 | ACUITE BB- Stable (Assigned) |
| 13 Oct 2020 | Cash Credit | Long Term | 17.00 | ACUITE BB Stable (Assigned) |
| | Proposed Bank Facility | Short Term | 1.00 | ACUITE A4+ (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|---------------------|----------------|-------------|------------------|----------------|----------------|------------------|-------------------|-------------------------------------|
| Kotak Mahindra Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 18.00 | ACUITE BB- Reaffirmed & Withdrawn |
| Kotak Mahindra Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 2.00 | ACUITE BB- Reaffirmed & Withdrawn |

Contacts

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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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