



Press Release
UNIVERSAL CARTONS SOLUTIONS PRIVATE LIMITED
January 22, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	10.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	40.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and its short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs.40.00 crore bank facilities of Universal Cartons Solutions Private Limited (USCPL). The outlook is ‘**Stable**’.

Rationale for reaffirmation

The reaffirmation takes into consideration the decline in revenues in FY2024 while maintaining profitability. The rating also factors in Borkar Group’s established operational track record, moderate financial risk profile of the group and reputed clientele. The ratings are, however, constrained by the susceptibility to intense competition and working capital- intensive operations.

About the Company

Goa based Universal Cartons Solutions Private Limited (UCSPL) was incorporated on August 04, 1995 and primarily engaged in manufacturing of printed cartons, labels, aluminum foils and others packaging materials. The company is wholly owned subsidiary of BPPL and has its own manufacturing unit located at Nalagarh, Himachal Pradesh with a total installed capacity of manufacturing 600 lakh sheets per annum.

About the Group

Borkar Group has established presence since 1910 and over the decades it has evolved as a business conglomerate with business interest in various sectors such as Packaging, Retail, Real Estate and Financial Consultancy. The group ventured into printing & packaging business in 1984 under the company (Borkar Industries) and later it was amalgamated into Borkar Packaging Private Limited. Borkar group acquired Universal Cartons Solutions Private Limited (UCSPL) in March 2015 which was incorporated on August 04, 1995, and was involved in the same line of business as BPPL such as printing of cartons, labels, aluminum foils and others packaging materials. The company has its own manufacturing unit located at Nalagarh, Himachal Pradesh.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Borkar Packaging Private Limited (BPPL) and its wholly own subsidiary Universal Cartons Solutions Private Limited (UCSPL) together referred to as the

‘Borkar Group’ (BG). The consolidation is in view of the common management, same line of business and financial synergies between these entities.

Key Rating Drivers

Strengths

Experienced Management with established track record of operations

The Borkar Group was established in the year 1910 by late Mr. Shripad Borkar, thus having an established brand position for over a century. Later in 1994, the third generation of the Borkar family diversified its core competency business by establishing its flagship company BPPL. The operations of the group are currently managed by Mr. Vinay P. Borkar, Mr. Deepak P. Borkar, Mr. Nikhil A. Borkar and Mr. Amol A. Borkar. The promoters of the group have an experience of over three decades in the aforementioned line of business. The promoters are supported by experienced and qualified second line of management. The long track record of operations of over 100 years coupled with experience of management have helped the group to forge healthy relationships with reputed clients and suppliers. Acuite believes that Borkar Group will sustain its existing business profile on the back of established track record of operations, experienced management, and reputed clientele base.

Well diversified geographical operations along with reputed clientele

The Borkar Group caters to various industries such as FMCG, Liquor, pharmaceutical to name a few. The group caters to reputed players such as Hindustan Unilever Ltd., Nestle India Ltd., Pernod Ricard India Private Limited to name a few with more than three decades of relationship. The group has set up various manufacturing plants located across different locations such as Goa, Daman, Himachal Pradesh and Kolkata.

Moderate financial risk profile

The tangible net worth of the group stood at Rs.201.96 crore as on March 31, 2024, as against Rs.183.37 crore as on March 31, 2023. The tangible net worth also consists of quasi equity of Rs.37.43 crore. The increase in net worth is due to profit accretion along with the increase in the levels of Quasi Equity. The gearing of the group stood at 0.83 times as on March 31, 2024, as against 0.96 times as on March 31, 2023. The total debt of the group consists of long-term debt of Rs.64.73 crore, unsecured loan of Rs.20.76 crore, short-term debt of Rs.71.21 crore and CPLTD of Rs.10.17 crore as on March 31, 2024. The interest coverage ratio stood at 1.47 times in FY2024, as against 1.48 times in FY2023. The DSCR stood at 1.02 times as on March 31, 2024, as against 0.85 times as on March 31, 2023. The improvement in DSCR is due to lower amount of CPLTD payable.

Acuite believes that the financial risk profile of the group is expected to remain moderate on the back of absence of debt funded capex.

Weaknesses

Decline in operating income

The revenue of the group declined and stood at Rs.360.21 crore in FY2024 as against the revenue of Rs.405.27 crore in FY2023. The decline in revenues is majorly due to lower sales realizations. The operating margins declined and stood at 11.69 percent in FY2024 as against 12.15 percent in FY2023. The PAT margin stood at the level of 1.16 percent for both FY2024 and FY2023. The group has achieved the revenue of Rs. 264.88 Cr till October 31, 2024.

Acuite believes Borkar group’s operating performance will remain moderate over the medium term on the back of expected improvement in the revenues.

Working capital intensive operations

The group’s working capital operations remained working capital intensive as evident from the GCA days of 197 days as on March 31, 2024 as against GCA days of 212 days as on March 31, 2023. The inventory days stood at 110 days for FY24 as against 122 days for FY23. The debtors’ days stood at 91 days for FY24 as against 56 days for FY23. The creditors days stood at 74 days for FY24 against 58 days for FY23. The average credit period received from the supplier is around 50-60 days. The average utilization of the bank limits are high at around 91.04 percent for Borkar Group for 12 months ending October ‘2024.

Rating Sensitivities

- Substantial improvement in the operating performance of the group.
- Any substantial increase in the investment in group companies impacting a cash flow management of Borkar Group.
- Any deterioration in the financial risk profile.
- Working capital management

Liquidity Position

Adequate

The group has an adequate liquidity position as reflected by the sufficient cash accruals against the maturing debt obligations. The group generated cash accruals of Rs.12.97 crore in FY24 as against maturing debt obligations of Rs. 12.03 crore over the same period. The group maintains unencumbered cash and bank balance of Rs.0.10 crore as on March 31, 2024 as against Rs 0.20 Cr in FY2023. Also, the group maintains free FDs of Rs. 45.70 crore in FY24 as against Rs. 48.94 crore in FY23 . The current ratio stood at 1.70 times as on March 31, 2024 as against 1.81 times as on March 31, 2023.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	360.21	405.27
PAT	Rs. Cr.	4.16	4.71
PAT Margin	(%)	1.16	1.16
Total Debt/Tangible Net Worth	Times	0.83	0.96
PBDIT/Interest	Times	1.47	1.48

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
25 Oct 2023	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	9.75	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	7.55	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.70	ACUITE BBB- Stable (Reaffirmed)
06 Dec 2022	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB- Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	15.00	ACUITE BBB- Negative (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.79	Simple	ACUITE BBB- Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2030	9.21	Simple	ACUITE BBB- Stable Reaffirmed

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

Sr.No	Company Names
1	Borkar Packaging Private Limited
2	Universal Cartons Solutions Private Limited

Contacts

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About Acuité Ratings & Research

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