



## Press Release

### Nipra Industries Private Limited (NIPL)

October 18, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	69.71	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Total	69.71 (Rupees Sixty Nine crore and Seventy One lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned rating to the bank facilities of NIPL which derive strength from its experienced promoters and long track record of the company, stable revenue growth, moderate though improved capital structure and comfortable debt protection metrics. However, these rating strengths are partially offset by decline in profitability margins in FY24, working capital intensive nature of business operations and susceptibility of profitability to volatility in raw material prices and foreign exchange rate.

The Stable Outlook of NIPL reflects benefit from experienced promoters and moderate financial risk.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained improvement in scale of operations while maintaining EBITDA margins along with improvement in net working capital cycle with improvement in receivable days leading to improvement in liquidity position while maintaining current credit profile

##### Downward Factors

- Decline in scale of operations and EBITDA margins and/or inability to improve its net working capital cycle leading to deterioration in liquidity position and also any major deterioration in overall gearing.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Stable revenue growth**

NIPL's total revenue has marginally declined by 4% on y-o-y basis during FY24 (period refers to April 1, 2023, to March 31, 2024) to Rs.208.28 crore, due to lower realisations on account of lower raw material prices, while the same has improved by 23% on y-o-y basis during FY23 (FY23: Rs.215.91 crore, FY22: Rs.176.22 crore). However, NIPL volume has increased with higher demand for the products. Infomerics notes that as NIPL entering into new segment, revenue is expected to improve from FY25 onwards.

- **Moderate though improved capital structure**

NIPL's capital structure remained moderate though improved on y-o-y basis with overall gearing improved to 2.09x while TOL/TNW improved to 2.84x as on 31st March 2024 (31st March 2023: 2.41x and 3.16x respectively) with profit accretion to net worth and with lower debt. Infomerics expects capital structure to improve further with profit accretion to net worth and absence of debt led capex.

- **Comfortable debt protection metrics**

Debt protection metrics remained comfortable with interest coverage ratio which has marginally deteriorated and stood at comfortable levels at 3.12x in FY24 (P.Y.: 4.29x) and total debt/NCA has marginally deteriorated and stood at 8.01 years in FY24 (FY23: 6.71 years). IVR expects debt protection metrics are expected to be remain comfortable through FY25-FY27 with absence of any debt led capex and expected improvement in EBITDA margins.

- **Experienced promoters and long track record of the company**

NIPL was started in the year 1995. NIPL is promoted by Mr. Prakash Jain, Mr. Sulbha Jain, Mr. Nikhil Jain and Ms. Nidhi Jain. Mr. Prakash Jain is having around four decades of experience in the packaging industry. Mr. Nikhil Jain is having around 18 years of experienced in the packaging industry. The promoters are actively engaged in day-to-day affairs of the company, ably supported by a well experienced second line of executives.



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### Key Rating Weaknesses

- **Decline in overall profitability margins in FY24**

EBITDA margin has declined though remained at moderate levels and stood at 7.31% in FY24 (P.Y.: 8.55%), mainly on account of increase in employee cost due to recruitment of professionals and increment in employee salary. In line with EBITDA margin, PAT margin has also declined to 1.55% in FY24 (P.Y.: 3.49%). However, EBITDA margins are expected to improve from FY25 onwards which is evident by Q1FY25 margins with improved realisations with lower raw material cost.

- **Working capital intensive nature of business operations:**

NIPL's operations are working capital intensive in nature evident by net working capital cycle of 123 days at the end of FY24 (FY23: 122 days), due to higher collection period and higher inventory days. NIPL generally provides credit period of 60-80 days to its customers this in line with the industry practices. Inventory days were higher as NIPL kept higher raw material inventory due to lower raw material prices. However, NIPL's average working capital utilisation at 66% for twelve months ended August 2024.

- **Susceptibility of profitability to volatility in raw material prices and foreign exchange rate**

The major raw materials for NIPL are aluminium coils of which are market driven and exhibit volatility depending on the demand supply scenario. Hence, any volatility in price of raw material shall impact NIPL's profitability. NIPL doesn't have any hedging towards the exports, therefore the profitability of the company is susceptible to the foreign exchange risk.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)



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[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

### **Liquidity – Adequate**

NIPL's liquidity is expected to remain adequate in medium term as the company is not having any planned capex and also expected adequate cash accruals rating from Rs.17.69 crore to Rs.23.33 crore against repayments ranging from Rs.3.13 crore and Rs.5.12 during FY25 to FY27. The free cash and cash equivalents balance stood at Rs.15.48 crore as on March 31, 2024, while average working capital utilisation for the 12 months ended August 2024 remained moderate at ~66%. Current ratio stood at 1.31x as on March 31, 2024.

### **About the Company**

NIPL was started in the year 1995 as a partnership firm and the constitution was changed to private limited company in the year 1999. NIPL promoted by Mr. Prakash Jain, Mr. Sulbha Jain, Mr. Nikhil Jain and Ms. Nidhi Jain. The company is engaged in manufacturing aluminium Roll-on Pilfer Proof (ROPP) closures and printed metal sheets. NIPL's products cater to the packaging needs of alcohols, spirits, wine, pharmaceuticals and olive oil.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	215.91	208.28
EBITDA	18.53	15.22
PAT	7.56	3.25
Total Debt	77.65	73.68
Tangible Net Worth	32.26	35.31
EBITDA Margin (%)	8.58	7.31
PAT Margin (%)	3.49	1.55
Overall Gearing Ratio (x)	2.41	2.09
Interest Coverage (x)	4.29	3.12

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil



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### Rating History for last three years:

Sr. No.	Name of Security Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
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1.	Cash Credit	Long Term	50.00	IVR BBB-/Stable	--	--	--
2.	Term Loans	Long Term	19.71	IVR BBB-/Stable	--	--	--

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	50.00	IVR BBB-/ Stable
Term Loans	-	-	-	Upto March 2029	19.71	IVR BBB-/ Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Nipra-Industries-oct24.pdf>

### Annexure 3: Detailed explanation of covenants of the rated facilities: Not Applicable

### Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).