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A B Polypacks Private Limited

February 06, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	50.00*	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	2.00	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Rating reaffirmed	Simple
Total	52.00 (INR fifty-two crore only)				

(*The proposed cash credit facility rated in the previous year amounting to Rs.13 Cr has been withdrawn at the request of the company, and is in line with Infomerics policy on withdrawal.)

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 has reaffirmed the ratings assigned to the bank facilities of A B Polypacks Private Limited (ABPPL), which derives strength from the extensive experience of the promoters in the plastic packaging industry with well-established relationship with reputed clientele. The ratings also factor in the diversified product portfolio, steady business risk profile and the moderate level of working capital management of the company. However, these rating strengths are constrained due to relatively modest scale of current operations, moderately leveraged capital structure, intense competition and exposure to volatility in input cost.

The long-term rating outlook is Stable as it is supposed to benefit from the extensive experience of the management coupled with steady business risk profile.

Infomerics has also withdrawn the outstanding long-term rating of 'IVR BBB-/ Stable' assigned to the proposed cash credit of ABPPL with immediate effect. The withdrawal has been taken at the request of ABPPL. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.



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Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of operations with improvement in profitability and cash accruals.
- Improvement in the capital structure and debt protection metrics on a sustained basis.
- Managing working capital requirement efficiently leading to improvement in the operating cycle with improvement in liquidity.

Downward Factors

- Decline in the revenue and/ or profits leading to an overall deterioration in the financial risk profile of the company.
- Moderation in the capital structure and/ or coverage indicators.
- Elongation in the operating cycle with moderation in liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of operations and experienced management**

ABPPL has a long operational track record of more than 15 years in the packaging industry. Further, the promoters, Mr. Chinmay Kumar and Mr. Mrinmay Kumar have been associated with the company since its inception, and they possess experience of nearly three decades in the industry. The company's long track record of operations and the promoter's experience, their strong understanding of local market dynamics, and healthy relations with suppliers and customers will benefit the company going forward, resulting in steady growth in the scale of operations.

- **Reputable customer base across multiple industries coupled with diversified product portfolio**

The clientele of the company comprises reputed players such as Amul, Coca-Cola, Dupont Fertilizer, Emami Limited, Parle Agro Private Limited, Bisleri and Pidilite Industries Limited among others. This has resulted in increase in revenues over the years. Moreover, the company has a diversified product profile that includes plastic rigid sheets, various types of



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packaging products, varied size containers, cups and bottles made of 100 per cent food grade materials. The products find application in various end-user industries such as- food and beverages sectors. In addition to this, in FY2025 (refers to the period April 1st, 2024, to Mar 31, 2025), the company added PepsiCO to their customer base.

- **Steady business risk profile**

The revenue of the company marginally increased by ~1.33% to Rs.179.24 Cr in FY2024 (refers to the period April 1st, 2023, to Mar 31, 2024) from Rs.176.88 Cr in FY2023 (refers to the period April 1st, 2022, to Mar 31, 2023) on account of decline in average realization of Polythine Film & Sheet due to plunge in price. Further, ABPPL shortfall of its revenue projection of FY2024 due to the flattish demand of Printed / Laminated / Polythine Bag, Pouch. Additionally, the company has achieved Rs.112.50 Cr in 9MFY2025 (refers to the period April 1st, 2024, to Sep 30, 2024) (Provisional).

Further, the profitability margins of the company increased significantly primarily on account of decline in the raw material cost. The EBITDA margin of the company increased to 10.65% in FY2024 from 8.18% in FY2023. Further, the PAT margin of the company increased to 3.77% in FY2024 from 2.95% in FY2023. Going forward, the sustenance in the growth in the profitability margins will be a key rating monitorable.

- **Moderate working capital management**

The working capital management of the company is moderate marked by the operating cycle of 75 days as on 31st March 2024. The operating cycle is primarily on account of moderate debtor days and comfortable inventory days. The debtor period stood moderate at 78 days as on 31st March 2024 and the inventory levels and raw material holding period stood comfortable at 48 days as on 31st March 2024. Going forward, the working capital management of the company will remain at similar levels as evident from the moderately high debtor level and inventory level.

Key Rating Weaknesses

- **Relatively modest scale of current operations**

Despite the growth in revenue, the scale of operations of the company remains relatively modest. Infomerics expects that going forward the growth in the revenue while improving profitability margins will be a key rating sensitivity.



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- **Average financial risk profile buoyed by moderately leveraged capital structure**

The capital structure of the company remained moderately leveraged. The company's tangible net worth witnessing steady growth on the back of increasing profit and stood at Rs. 30.08 Cr as on March 31, 2024, from Rs.23.29 Cr as on March 31, 2023. Further, the gearing of the company stood moderately high at 2.01x as on March 31, 2024, as against 1.87x as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 2.93x as on March 31, 2024, as against 3.23x as on March 31, 2023. Moreover, the debt protection metrics of the company stood moderately comfortable marked by Interest Coverage Ratio at 3.06x as on March 31, 2024, and Debt Service Coverage Ratio at 1.46x as on March 31, 2024. However, the total debt/EBITDA stood high at 3.16x as on March 31, 2024. Going forward, the financial risk profile of the company will improve further with no major debt funded capex plans.

- **Intense competition in plastic packaging industry**

The plastic packaging industry is highly fragmented and the consequent intense competition from various players may continue to constrain scalability, pricing power and profitability. Further, the disintegrated nature of the Indian flexible packaging industry is predominantly on account of the low capital intensity, low entry barriers and easy availability of raw materials. High competition put pressure on margins thereby reducing bargaining powers with customers for players such as ABPPL. Further, raw material used in packaging is plastic granules the prices of which are fluctuating having direct impact on operating margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Complexity level of rated Instruments/Facilities](#)

[Policy On Withdrawal Of Ratings](#)



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Liquidity– Adequate

The company has adequate liquidity position marked by sufficient net cash accruals which stood at Rs.10.78 Cr as on FY2024, as against long term debt repayment of Rs.5.45 Cr over the same period. The cash and bank balances of the company stood at Rs.3.35 Cr as on March 31, 2024. However, the current ratio stood moderate at 1.17x as on March 31, 2024, and the quick ratio also stood moderate at 0.87x as on March 31, 2024. The average fund-based limit utilisation remains moderately high at 82.69 per cent over the twelve months ended November 2024. Going forward, the company is likely to maintain adequate liquidity position supported by steady accruals.

About the Company

Incorporated in 2007, A B Polypapcks Private Limited (ABPPL) is a Kolkata based company engaged in the manufacturing of flexible packaging items such as multilayer film, shrink film, stretch film, laminated film, and pouches. ABPPL is promoted by Mr. Chinmay Kumar and Mr. Mrinmay Kumar. The company has its manufacturing unit located in Howrah, West Bengal with an installed capacity of 12000 MTPA. The company caters to clients in various industries such as Amul, Coca-Cola, Dupont Fertilizer, Emami Limited, Parle Agro Private Limited, Bisleri and Pidilite Industries Limited. In addition to this, in FY2025 the company added PepsiCO to their customer base.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	176.88	179.24
EBITDA	14.46	19.08
PAT	5.23	6.77
Total Debt	43.50	60.36
Tangible Net Worth	23.29	30.08
EBITDA Margin (%)	8.18	10.65
PAT Margin (%)	2.95	3.77
Overall Gearing Ratio (x)	1.87	2.01
Interest Coverage (x)	3.09	3.06

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable



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Any other information: Not Applicable

Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 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
					December 18, 2023	-	-
1.	Term Loans	Long Term	9.36	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2.	Cash Credit	Long Term	37.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
3.	Proposed Cash Credit	-	-	Withdrawn	IVR BBB-/ Stable	-	-
4.	Channel Finance	Long Term	3.64	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
5.	Letter of Credit	Short Term	1.00	IVR A3	IVR A3	-	-
6.	Bank Guarantee	Short Term	1.00	IVR A3	IVR A3	-	-

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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.



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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.

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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
Term Loan-1	-	-	-	December 2025	0.78	IVR BBB- /Stable
Cash Credit	-	-	-	-	37.00	IVR BBB- /Stable
Term Loan-2	-	-	-	November 2024	0.01	IVR BBB- /Stable
Term Loan-3	-	-	-	February 2028	0.91	IVR BBB- /Stable
Term Loan-4	-	-	-	November 2027	3.69	IVR BBB- /Stable
Term Loan-5	-	-	-	January 2030	3.11	IVR BBB- /Stable
Term Loan-6	-	-	-	February 2025	0.03	IVR BBB- /Stable
Term Loan-7	-	-	-	March 2025	0.07	IVR BBB- /Stable
Term Loan-8	-	-	-	February 2025	0.07	IVR BBB- /Stable
Term Loan-9	-	-	-	February 2025	0.09	IVR BBB- /Stable
Term Loan-10	-	-	-	March 2027	0.31	IVR BBB- /Stable
Term Loan-11	-	-	-	February 2025	0.07	IVR BBB- /Stable
Term Loan-12	-	-	-	February 2026	0.22	IVR BBB- /Stable
Channel Finance	-	-	-	-	3.64	IVR BBB- /Stable
Letter of Credit	-	-	-	-	1.00	IVR A3
Bank Guarantee	-	-	-	-	1.00	IVR A3



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-AB-Polypacks-6feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/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

