



## Press Release

**HCP Plastene Bulkpack Ltd (“HPBL”)**

**March 26, 2025**

### Ratings

Instruments / Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	50.00	IVR BBB-/ Negative; (IVR Triple B minus with Negative Outlook)	--	Rating Assigned	Simple
<b>Total</b>	<b>50.00</b>	<b>(Rupees Fifty crore only)</b>			

**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-

The rating assigned to the bank facility of HCP Plastene Bulkpack Limited (“HPBL”) derives its strength from experienced promoters & management team with strong track record in managing operations, healthy capital structure & moderate debt coverage indicators which is expected to improve further in FY2025, locational advantage, state of the art infrastructure set up, wide product portfolio and geographical presence in the domestic and global markets. The rating is however constrained due to reduction in turnover in FY2024 accompanied by deterioration in profitability on account of lower demand for its products along with lower realisation. The rating is also constrained by modest scale of operations, and susceptible profitability to raw material & currency fluctuation.

The Negative outlook reflects significant unhedged forex exposure as compared with net profits and increased outstanding receivables as on March 31, 2024. Infomerics notes that any adverse changes in exchange rates may impact the financial profile of HPBL.



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### Key Rating Sensitivities:

- **Upward Factors**

- Significant growth in scale of business with improvement in profitability metrics.
- Sustained improvement in overall gearing and debt protection metrics and liquidity profile.

- **Downward Factors**

- Any large debt-funded capex resulting in deterioration in the financial profile, especially liquidity, gearing and debt coverage metrics
- Stretch in the working capital cycle negatively impacting liquidity position.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and management team with strong track record in managing operations**

HPBL is part of Gujarat based Champalal Group which carries an extensive experience of over two decades in the flexible packaging industry. The promoters are supported by an experienced and qualified pool of management comprising of other Board of Directors and senior level management. Strong understanding of market dynamics has helped the company in withstanding industry cycles, diversify the product profiles and expand the capacity. Thus, strong track record of business operations and rich experience of the management helps in driving the future growth of business by articulating its brand in a way where the customers are attracted towards its reliable and quality products.

- **Healthy capital structure and moderate debt coverage indicators expected to improve in FY2025**

The capital structure marked by overall gearing ratio remained stable at 1.62x as on March 2024 vis-à-vis 1.54x on March 2023. Adjusted TOL/adjusted TNW also remained at comfortable level of 1.70x as on March 2024 as against 1.65x as on March 2023. The debt coverage indicators as indicated by Interest Coverage ratio and Total Debt to Gross Cash



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Accrual ratio deteriorated to 0.94x and 15.08x respectively as on March 2024 {vis-à-vis 1.74x and 11.95x as on March 2023}. DSCR stood at 0.71x as on March 31, 2024 as against 0.83x as on March 31, 2023; this was mainly due to increase in interest costs. Infomerics notes that the timely debt servicing in FY2024 was aided by infusion of additional unsecured loans by promoters during the year.

The debt coverage indicators marked by DSCR and ISCR are expected to improve significantly to remain at an average level of ~1.70x and ~3.00x level respectively over FY2025-FY2028 on account of strong revenue growth backed by increase in demand for Industrial flexible packaging products in domestic and export markets which is reflected in total operating income and EBIDTA of 9M FY2025 which significantly improved on y-o-y basis by ~57% and ~100% to Rs. 343.95 crore and Rs. 25.09 crore respectively. EBIDTA margins also improved by 1.58% and stood at 7.29% whereas PAT margins improved by 229 bps to 1.88% during 9M FY2025.

- **Locational advantage and state of the art infrastructure set up**

HPBL's plant is located at Santej and Sanand which is close to Kandla port and Mundra port, which helps it to save on freight cost. It also has proximity to Reliance Industries Limited's refinery for sourcing polypropylene. In addition to this the Group has many manufacturing units located in Gujarat at multiple places like Gandhidam, Ahmedabad, Rajpur, Kalol and Kutch. All the units are well facilitated with modern machineries and technologies to get higher output and better quality of finished products.

- **Wide product portfolio and geographical presence in the market**

HPBL and other Group companies is engaged in manufacturing of film laminates, FIBC Bags, liners, BOPP laminated woven sacks, HDPE & PP woven sacks etc. Each segment incorporates numerous specifications, shapes, sizes, colours etc., thus providing wide range of products to its customers. Further, it has a strong global foothold in addition to its domestic presence thereby maintaining balanced global to local mix proportion and mitigating the risk of any downturn events in one single market.



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### Key Rating Weaknesses

- **Moderate scale of operations expected to improve in FY2025**

Total operating income of HPBL declined by ~18% on Y-o-Y basis to Rs. 288.97 crore for FY2024 from Rs. 350.50 crore during FY2023 due to sluggish growth in plastic and FIBC packaging industry affecting the demand position of the products. EBITDA and PAT also declined to Rs. 11.08 crore and Rs. 0.30 crore respectively during FY2024 from Rs. 16.39 crore and 0.77 crore in FY2023. EBITDA and PAT margin decreased to 3.83% and 0.10% respectively during FY2024 from 4.68% and 0.22% in FY2023. However, the gradual recovery is expected in the industry in upcoming years which would result in decent growth in scale of operations. Infomerics expects the company to achieve revenue of ~Rs. 450 crore in FY2025 driven by growth in order inflows coupled with addition of new clients.

- **Susceptible to raw material price and currency fluctuation**

Profitability of the company is susceptible to fluctuation in price of key raw material which depends on prices of crude oil. Exports accounts for ~65% of company's total revenue therefore any adverse movement in forex could impact the profitability. Though, the company has partially hedged its exposures through forward contracts, it has unhedged exposure of Rs. 28.57 crore as on December 31, 2024. Any adverse movement in forex rates could impact the profitability of the company.

### **Analytical Approach:** Consolidate approach

For arriving at ratings, Infomerics has taken consolidated view of HCP Plastene Bulkpack Limited and its subsidiary i.e. K.P. Woven Private Limited (51.23%) together referred to as "HCP Plastene Bulkpack Limited" (HPBL).

Infomerics has analysed the consolidated financial statements to arrive at the ratings as the promoters and management are common, both the companies are in same line of business, there are inter-company transactions in terms of sales and purchase, common dealership network, procurement from the same suppliers and both the companies have operational as well as financial linkages.



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### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Consolidation of Companies](#)

[Criteria on Parent / Group Support](#)

### **Liquidity – Adequate**

Liquidity position of HPBL is adequate with current ratio of 1.35x as on March 31, 2024 and the company has earned comfortable GCA of Rs. 6.63 crore in FY2024, with the same expected to increase with increase in the scale of operations. The liquidity is expected to remain adequate in the near term marked by its expected average GCA of ~Rs. 25 crore for the projected year of FY2025 to FY2027 which will be sufficient to meet its future debt obligations. The promoters and group companies have been infusing unsecured loans in the business to meet its debt repayment requirements. Unsecured loans were Rs. 47.54 crore as on March 31, 2023 which increased to Rs. 59.12 crore as on March 31, 2024. HPBL's average utilization of fund based working capital limit for the past twelve months ended February 2025 remained at ~40% indicating sufficient liquidity cushion.

### **About the Company:**

HPBL, formerly known as Gopala Polyplast Limited (GPL) was incorporated in 1984. In 1994, Gopala Polyplast Limited become Public with its maiden Public Issue. The company manufactures Jumbo bags, Woven sacks, Woven Fabrics, Laminates, Multifilament Yarns, Master batches, Flexible packaging products which are widely used in different industries such as Pharmaceutical, Chemical, Food grain, Cement etc. Presently, HPBL is a part of Champalal Group, a reputed FIBC manufacturer and exporter from India with a diverse portfolio comprising of FIBCs and small bags.





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### Financials (Consolidated):

(Rs. In Crore)

For the year ended / As on*	31-Mar-2023	31-Mar-2024
	(Audited)	(Audited)
Total Operating Income	350.50	288.97
EBITDA	16.39	11.08
PAT	0.77	0.30
Total Debt	78.35	99.98
Tangible Net Worth	86.87	95.82
EBITDA Margin (%)	4.68	3.83
PAT Margin (%)	0.22	0.10
Overall Gearing Ratio (x)	1.54	1.62
Interest Coverage (x)	1.74	0.94

\*Classification as per Infomerics' standard.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. Cr.)	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
		24-March-2025			--	--	--
1	Fund based bank facilities	Long Term	50.00	IVR BBB-/ Negative	--	--	--

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Private Limited] 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).



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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).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not 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.



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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund based bank facilities – Cash Credit	--	--	Revolving	50.00	IVR BBB-/ Negative

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-HCPPlastene-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

### Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Company	Consolidation Approach
K.P. Woven Private Limited	51.23%

**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).