



## Press Release

### Nishant Mouldings Private Limited

May 09, 2022

#### Ratings

Sl. No.	Type of Facility	Rated Amount (Rs Cr.)	Ratings	Rating Action	Complexity Indicator
1	Long Term Fund Based Facilities	118.46	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
2	Short Term Fund Based Facilities	3.50	IVR A3 (IVR A Three)	Assigned	Simple
<b>Total</b>		<b>121.96</b> <b>(Rupees One Hundred Twenty-One Crore and Ninety-Six Lakh only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Nishant Mouldings Private Limited ('NMPL' or 'the Company') factors in the long-standing experience of the promoters in the plastic packaging industry, proven operational track record with some of the reputed clientele and increase in scale of operation due to CAPEX.

The ratings, however, are constrained by the moderate capital structure and modest debt coverage indicators. The company remains exposed to fragmented & competitive nature of the industry. The ability of the Company in getting new orders, increasing the scale of business and profit margin, and improving debt protection metrics and capital structure will be key rating sensitivities.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained growth in revenue while retaining the operating profit margin, resulting in higher net cash accruals and improved debt coverage indicators.



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- Scale up of operations as per the enhanced capacity.
- Specific credit metrics for rating upgrade include operating margin of above 10% and DSCR of more than 1.5X on a sustained basis.

### **Downward Factors**

- Significant decline in revenues and profitability or any decline in average realisations.
- Delays in receiving payments from customers resulting in stretched working capital cycle would be sensitive to the liquidity profile and any deterioration in the same would be a negative trigger.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Long Operational Track Record and Experienced Promoters:**

The company started its operations in 2001 and has a long track record of two decades. The promoters have extensive industry experience and an established track record in the plastic packaging industry. Along with the experienced management team the company enjoys the benefit of established relationships with customers and suppliers.

##### **Increasing Scale of Operations and Production Capacity Enhancement:**

There is a constant upward trend for the last few years reflected in the top line though TOI decreased a bit in FY21 due to impact of Covid. The company has consistently undertaken measures to increase production capacity of various PET Preforms by setting up two production units in Silvassa and one unit in Kolkata. The company has also set up a new manufacturing facility at Bangalore for bottles, jars, caps, and closures. The company has installed the latest and efficient moulding machineries to enhance the overall production process as per various client requirements.

#### **Key Rating Weaknesses**

##### **Moderate Financial Risk Profile:**

The gearing remained high at 3.93 times as on 31<sup>st</sup> Mar 2021. However, the company has unsecured loans from the directors to the extent of Rs. 12.90 Crs which are reported to be interest free and considered as Quasi Equity. Adjusted gearing is, therefore, 2.44 times as of



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Mar 31, 2021. The debt coverage metrics ISCR and DSCR remained moderate at 2.13 and 1.07 times respectively for FY21 and requires improvement.

### **Increased Long Term Debt Obligation:**

The Company has undertaken debt-funded capex to further enhance its installed capacity. The increased term debt along with increased ECLGS loans is likely to exert pressure on the debt servicing position of the Company.

### **Susceptibility to changes in government regulations:**

The company manufactures plastic packaging products and hence is exposed to government regulations pertaining to production of plastics, pollution, and crude oil. Any change in the regulations by the government may impact the production capacity and price margins and overall business of the company.

### **Susceptibility of margins to fluctuation in raw material prices and intense competition in the fragmented industry:**

The plastic industry is highly fragmented and is marked by the presence of many large players and small players in the market. The current situation is vulnerable due to the Ukraine-Russia war which has now started impacting the crude oil prices and this will also impact the prices of PET granules (major raw material of NMPL) as it is directly linked to the volatility in crude oil prices. This intensifies competition and limits the pricing flexibility of the industry participants. However, the same is reduced as the company pledges the change in pricing to customers with almost immediate effect.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning rating outlook](#)

### **Liquidity – Adequate**

The liquidity position of the company is adequate on account of moderate utilisation of working capital facilities at ~88% for the past 12 months ended February 2022. The gross cash accruals are sufficient to meet the maturing debt obligations over the next 12 months. The company's cash and bank balance stood at Rs.0.72 Crore as of March 2021.



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### About the Company

Nishant Mouldings Pvt. Ltd. (NMPL) was incorporated in 2001 at Bengaluru, Karnataka as a Manufacturer, Supplier and Exporter of PET (Polyethylene Terephthalate) Preforms, PET Jars, PET Bottles, etc. The company is in the Packaging Industry that provides PET packaging solutions to a plethora of dealers in the diverse market segments of FMCG sector. NMPL manufactures products in various designs, colours, and sizes under the brand name of Fortuna Pet. It's a family-owned business run by three directors Biz. Mr. Mahendra Bafna, Mr. Pankaj Bafna and Mr. Nishant Bafna.

### Financials (Standalone):

For the year ended* / As on	INR in Crores		
	31-03-2019	31-03-2020	31-03-2021
	Audited	Audited	Audited
Total Operating Income	233.12	266.94	260.74
EBITDA	19.11	27.07	26.85
PAT	2.85	7.13	1.61
Total Debt	65.56	79.14	103.99
Tangible Net worth (Adjusted)	23.56	32.40	42.68
EBIDTA Margin (%)	8.20	10.14	10.30
PAT Margin (%)	1.22	2.67	0.61
Overall Gearing ratio (X) (Adjusted)	2.78	2.44	2.44

\*Classification as per infomerics' standards

**Status of non-cooperation with previous CRA:** BWR BB /Stable Downgrade/ISSUER NOT COOPERATING\* as on 07 Feb 2022

**Any other information:** N.A.

### Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding /Proposed (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan (Outstanding)	Long Term	58.72	IVR BBB- /Stable	-	-	-



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Sr. No.	Name of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding /Proposed (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
2.	ECLGS (Outstanding)	Long Term	13.73	IVR BBB-/Stable	-	-	-
3.	Cash Credit (Sanctioned)	Long Term	36.00	IVR BBB-/Stable	-	-	-
4.	WCDL (Sanctioned)	Long Term	10.00	IVR BBB-/Stable	-	-	-
5.	Supplier Bill Disc. (Sanctioned)	Short Term	3.50	IVR A3	-	-	-

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

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### Annexure 1: Details of Facilities

Sl. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
1	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-	11/30/2024	1.92	IVR BBB-/ Stable
2	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-		0.53	IVR BBB-/ Stable
3	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-	12/10/2025	3.00	IVR BBB-/ Stable
4	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-	1/15/2026	2.39	IVR BBB-/ Stable
5	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-	3/7/2026	2.75	IVR BBB-/ Stable
6	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-		0.86	IVR BBB-/ Stable
7	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-		1.24	IVR BBB-/ Stable
8	Long Term Fund Based Facilities ECLGS (Outstanding)	-	-		1.05	IVR BBB-/ Stable



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9	Long Term Fund Based Facilities Term Loan (Outstanding)	-	-	2/28/2023	0.37	IVR BBB-/ Stable
10	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/20/2022	0.21	IVR BBB-/ Stable
11	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/20/2022	0.13	IVR BBB-/ Stable
12	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/20/2022	0.17	IVR BBB-/ Stable
13	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/20/2022	0.06	IVR BBB-/ Stable
14	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/20/2022	0.11	IVR BBB-/ Stable
15	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/20/2025	0.81	IVR BBB-/ Stable
16	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	10/8/2022	0.13	IVR BBB-/ Stable
17	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/17/2022	0.03	IVR BBB-/ Stable
18	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	11/30/2022	1.54	IVR BBB-/ Stable



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19	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/23/2026	3.68	IVR BBB-/ Stable
20	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/20/2025	0.19	IVR BBB-/ Stable
21	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/20/2025	0.29	IVR BBB-/ Stable
22	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/20/2025	0.81	IVR BBB-/ Stable
23	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/20/2025	0.03	IVR BBB-/ Stable
24	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	9/15/2025	3.73	IVR BBB-/ Stable
25	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	11/3/2023	0.28	IVR BBB-/ Stable
26	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	4/3/2024	0.17	IVR BBB-/ Stable
27	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/9/2023	0.19	IVR BBB-/ Stable
28	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	8/25/2023	1.52	IVR BBB-/ Stable



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29	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/3/2024	1.21	IVR BBB-/ Stable
30	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	4/5/2023	0.45	IVR BBB-/ Stable
31	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	10/5/2024	0.36	IVR BBB-/ Stable
32	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	5/15/2025	0.39	IVR BBB-/ Stable
33	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/24/2024	0.73	IVR BBB-/ Stable
34	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/5/2022	0.05	IVR BBB-/ Stable
35	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	9/15/2023	0.08	IVR BBB-/ Stable
36	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	4/1/2025	0.26	IVR BBB-/ Stable
37	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	6/10/2023	0.06	IVR BBB-/ Stable
38	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	2/20/2022	0.00	IVR BBB-/ Stable



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39	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	11/20/2023	0.03	IVR BBB-/ Stable
40	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	9/5/2024	0.26	IVR BBB-/ Stable
41	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/5/2022	0.02	IVR BBB-/ Stable
42	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/28/2024	1.06	IVR BBB-/ Stable
43	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/10/2024	0.45	IVR BBB-/ Stable
44	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	5/28/2025	0.74	IVR BBB-/ Stable
45	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	6/13/2025	1.78	IVR BBB-/ Stable
46	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	8/5/2024	0.25	IVR BBB-/ Stable
47	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	3/1/2024	0.08	IVR BBB-/ Stable
48	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	8/15/2024	0.11	IVR BBB-/ Stable



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49	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	11/1/2024	0.33	IVR BBB-/ Stable
50	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	1/31/2026	4.24	IVR BBB-/ Stable
51	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	3/5/2025	0.40	IVR BBB-/ Stable
52	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	2/15/2025	0.77	IVR BBB-/ Stable
53	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	2/15/2026	1.64	IVR BBB-/ Stable
54	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	2/5/2026	0.78	IVR BBB-/ Stable
55	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-	2/10/2025	0.11	IVR BBB-/ Stable
56	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-		7.42	IVR BBB-/ Stable
57	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	7/1/2026	5.66	IVR BBB-/ Stable
58	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-	9/1/2026	5.36	IVR BBB-/ Stable



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59	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-		2.26	IVR BBB-/ Stable
60	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-		4.86	IVR BBB-/ Stable
61	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-		0.87	IVR BBB-/ Stable
62	Long Term Fund Based Facilities Equipment Loan (Outstanding)	-	-		0.79	IVR BBB-/ Stable
63	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-		0.21	IVR BBB-/ Stable
64	Long Term Fund Based Facilities Vehicle Loan (Outstanding)	-	-		0.21	IVR BBB-/ Stable
65	Long Term Fund Based Facilities CC (Sanctioned)	-	-	NA	11.00	IVR BBB-/ Stable
66	Long Term Fund Based Facilities CC (Sanctioned)	-	-	NA	25.00	IVR BBB-/ Stable
67	Long Term Fund Based Facilities WCDL (Sanctioned)	-	-	NA	10.00	IVR BBB-/ Stable
68	Short Term Fund Based Facilities Supplier Bill Disc. (Sanctioned)	-	-	NA	1.50	IVR A3



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69	Short Term Fund Based Facilities Supplier Bill Disc. (Sanctioned)	-	-	NA	2.00	IVR A3
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**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Nishant-Mouldings-May22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated facilities: 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).