



Press Release

Whitelotus Industries Limited (WIL)

September 11, 2023

Ratings

| Instrument/ Facility | Amount (Rs. crore) | Ratings | Rating Action | Complexity Indicator |
|---|-----------------------|---|---------------|-------------------------|
| Long Term Bank Facilities – Term Loan | 13.27 | IVR BB+/ Stable (IVR Double B Plus with Stable outlook) | Assigned | Simple |
| Long Term Bank Facilities – Cash Credit | 28.00 | IVR BB+/ Stable (IVR Double B Plus with Stable outlook) | Assigned | Simple |
| Total | 41.27 | (Rupees Forty-One crore and Twenty-Seven lakh only) | | |

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Whitelotus Limited derive strength from experienced promoters, diversified product profile and moderate scale of operation. The ratings strengths are, however, constrained by working capital intensive nature of operation and average debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained increase in revenues and profitability leading to improvement in cash accruals and liquidity position.
- Improvement in capital structure.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.
- Any un-envisaged incremental debt funded capital expenditure leading to a deterioration in the capital structure and thereby debt protection metrics.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

Whitelotus Industries Limited was incorporated on April 18, 2011, and the company is currently managed by Mr. Sumant Jalan who is currently the Director at WIL who has an experience of more than 25 years in the industry. The firm under the guidance of promoters have developed healthy customer and suppliers' relations. WIL is also assisted by a team of well qualified and experienced professionals. The company is likely to benefit from the extensive experience of its promoters and management over the medium term.

Diversified product profile

WIL provides customized total flexible packaging solutions with an installed capacity of 5400 MTPA ranging from Packaging pouches, laminated packaging films including lamination and Printed multi layered substrates. The company offers customized and non-rigid Packaging bags, Pouches, and Films, which are used for different type of products. Some of the products are used for storage include Foods, Pharmaceuticals, Fasteners, Beverages and FMCG products.

The company also manufactures Polyester lacquered films with an installed capacity of 4200 MTPA, which is also used for packaging and wrapping applications.

Moderate scale of operation

WIL's total operating income has improved by 39% in FY22 to Rs. 130.06 crore (from Rs. 93.39 crore in FY21) due to an increase in sales of Flexible Packaging from Rs. 78.42 crore in FY22 as against Rs. 65.80 crore and Lacquered Film sales amounting to Rs. 42.91 crore in FY22.

In FY23 (Prov.) WIL's reported total operating income improved by 16% amounting Rs. 150.21 (from Rs. 130.06 crore in FY22) due to increase in sales of Flexible Packaging from Rs. 78.42 in FY22 to Rs. 84.62 crore in FY23(Prov.) along with increase in sales of Polyester Lacquered film from Rs. 42.91 crore in FY22 to Rs. 59.79 crore in FY23(Prov.).



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Key Rating Weaknesses

Working capital intensive nature of operation

The operation of the company remained working capital intensive marked by its elongated average inventory period and long average debtor's collection period. To support its high working capital requirements, the company depends on its working capital borrowings from the banks and avail long credit period from its suppliers. The operating cycle of the company remained elongated at 88 days in FY23(Prov.) as against 103 days in FY22. The average utilisation of its bank limits is around 77.04% for the past 12 months ended in May 2023.

Average debt protection metrics

As on March 31, 2023(Prov.) the total debt comprises of term loans from banks Rs. 10.06 crore, unsecured loans from shareholders & related parties Rs. 2.54 crore (FY22: Rs. 2.92 crore), unsecured loan from others from Rs. 6.91 crore, current portion of long-term debt is Rs. 5.70 crore and Short-Term borrowings of Rs. 27.90 crore. The company's capital structure continued to remain comfortable in FY23(Prov.) with overall gearing and TOL/ Adjusted TNW ratios at 2.30x and 3.82x as against 2.46x and 3.85x respectively as on March 31, 2022. Further the company's interest coverage ratio and Total debt/ GCA ratio has decreased from 1.99x and 14.33x respectively in FY22 to 1.61x and 11.02x respectively in FY23(Prov.).

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

Liquidity – Stretched

The liquidity position of the company remains stretched as cash accruals are expected to match tightly with debt repayment obligations. The free cash balance as on March 31, 2023, stood at Rs. 0.94 crore. The average working capital utilisation for 12 months ending May,



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2023 has been 77.04%. The current ratio and quick ratio stood at 1.23 times and 0.62 times respectively as on March 31, 2023.

About the Company

Whitelotus Industries Limited (WIL) was incorporated on April 18, 2011, and is engaged in manufacturing packaging products and Polyester Lacquered Film with an installed capacity of 5400 MTPA and 4200 MTPA respectively. WIL is currently managed by its Managing Director Mr. Sumant Jalan who has an experience of more than 25 years in the industry.

Financials (Standalone):

| For the year ended / As on | 31-03-2022 | 31-03-2023 |
|----------------------------|------------|-------------|
| | Audited | Provisional |
| Total Operating Income | 130.06 | 150.03 |
| EBITDA | 10.35 | 7.76 |
| PAT | (0.03) | 1.85 |
| Total Debt | 53.32 | 53.10 |
| Tangible Net-Worth | 20.49 | 21.95 |
| Ratios | | |
| EBITDA Margin (%) | 7.95 | 5.16 |
| PAT Margin (%) | (0.02) | 1.21 |
| Overall Gearing Ratio (x) | 2.46 | 2.30 |

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

ACUITE continued to maintain the ratings assigned to WIL's bank facilities in the 'Issuer Not Cooperating' category vide Press Release dated July 27, 2022, due to non-submission of information by the company.

Any other information: Nil



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Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2023-24) | | | Rating History for the past 3 years | | |
|---------|-------------------------------|--------------------------------|--------------------------------|----------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 |
| 1. | Term Loan | Long Term | 13.27 | IVR BB+/Stable | -- | -- | -- |
| 2. | Cash Credit | Long Term | 28.00 | IVR BB+/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.



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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 |
|------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan | -- | -- | -- | 13.27 | IVR BB+/ Stable |
| Cash Credit* | -- | -- | -- | 28.00 | IVR BB+/ Stable |

*Sub-limit of ILC/EPC/FBD/FOBNLC/FOBP/PC/PCFC/FDBP/FUDBP: Rs. 6.63 crore

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Whitelotus-sep23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/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.