Press Release

Caprihans India Limited

May 13, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	590.63	IVR BB/ Stable (IVR Double B with Stable Outlook)	--	Rating Assigned	Simple
Short Term Bank Facilities	20.00	IVR A4 (IVR A Four)	--	Rating Assigned	Simple
Total	**610.63 (Rupees Six hundred ten crore and sixty-three 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 a rating of IVR BB/ Stable/ IVR A4 to the bank facilities of Caprihans India Limited (CIL). The rating derives strength from long track record of operations, established market presence, strong domestic and international clientele, prepayment of debt improving the liquidity position and change in business strategy resulting in higher operating margins. However, the rating strengths are partially offset by elevated debt levels, weak debt coverage indicators, exposure to raw material price volatility, and net losses in FY24 and 9M FY25 (UA).

The stable outlook is on account on expanding client base (especially in overseas markets) which is expected to boost revenues and margins as well as inhouse consumption of base film which will reduce operating costs, ultimately leading to steady growth in cash flows.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations along with a material improvement in EBITDA margins, translating into a large increase in cash flows
- Significant improvement in overall gearing as well as DSCR

Downward Factors

- Any reduction in EBITDA margin from FY25 levels translating into lower-than-expected cash flows
- Tightening of liquidity position due to buildup of debtors or otherwise
- Significant increase in borrowing levels resulting in increase in overall gearing above end FY25 levels

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations and established market presence

CIL, incorporated in April 1946, is one of India's leading manufacturers of polyvinyl chloride (PVC) films and aluminium foils that are used for packaging of solid dosage pharmaceutical products and other applications. Its long-standing presence in the industry has helped it build strong relationships with customers and suppliers, ensuring business continuity. In FY24 (FY refers to the period from April1 to March 31), the company strengthened its market presence and production capacity by acquiring the Pharma Packaging Innovations (PPI) division from its ultimate holding company, Bilcare Limited.

Strong domestic and international clientele

CIL serves a global customer base, including major pharmaceutical companies across 100+ countries. Domestically, it has a strong presence with offices in key cities like Mumbai, Delhi, Bengaluru, and Chennai. Internationally, CIL exports to markets such as the USA, UK, UAE, Saudi Arabia, Bangladesh, and Kenya. This extensive reach reinforces its position as a leading player in the global pharmaceutical packaging industry.

Prepayment of debt has improved liquidity position

The company has scheduled repayments of Rs. 28.74 crore, Rs. 40.24 crore and Rs. 58.13 crore for FY25, FY26 and FY27 respectively. The consortium of lenders in the meeting held on 24th Feb 2025 approved the prepayment of ~Rs. 57 crore towards scheduled repayments for FY26. Additionally, CIL maintained Rs.79 crore margin money against term loans availed from the consortium. Further, the company is in negotiations with consortium banks to reduce the margin money and release the same for working capital purpose. Hence the company's liquidity position is expected to be adequate till FY26 end (even in the event of low cashflow from operations) as no repayments need to be made in this year.

Change in business strategy to yield higher operating margins

CIL has implemented a strategic shift to improve operating margins by expanding into export markets, increasing in-house consumption of base film, and leveraging R&D to develop innovative pharmaceutical packaging solutions that reduce package size and lower costs for clients. Additionally, the company has strengthened its global presence by hiring senior marketing personnel in overseas locations and actively participating in key international pharmaceutical packaging exhibitions in Barcelona (FY24), Frankfurt, and Paris (FY25), demonstrating its commitment to growth despite associated expenses.

Key Rating Weaknesses

Elevated debt levels and weak debt coverage indicators

CIL's acquisition of the PPI unit of Bilcare Limited increased its debt burden, shifting it from a debt-free entity till FY22 to a highly leveraged one in FY23. The interest coverage ratio remained weak at 0.76x in FY24(A), deteriorating from 1.01x in FY23(A). Similarly, the debt service coverage ratio remained below unity at 0.89x in FY24(A) as against 1.20x in FY23(A). However, CIL was able service the debt in FY24 from additional cash flows from sale proceeds of Worli office. Cash interest on Bank loan in FY24 was serviced from internal cash accruals which included substantial non-operating income and non-cash provisions during the year.

Net losses in FY24(A) and 9MFY25(UA)

In FY24 (A), CIL reported a net loss of ₹51.62 crore, a significant decline from the net profit of ₹71.76 crore in FY23(A). FY23 includes exceptional profit of Rs. 126.82 crore on account of profit on slump sale. This downturn was primarily due to a 25% y-o-y decrease in total operating income. The decline in revenue was because of in-house consumption of base film, which CIL used to sell to outside parties till FY23. Now the entire manufacturing operations being housed within CIL itself. The company has further reported a net loss of Rs. 64.50 crore in 9MFY25. CIL is expected to display only a modest revenue growth in FY25 as the Thane plant was operational for only six months of the year. The lower profitability in FY24 and 9MFY25 vis-à-vis FY23 is attributed to significant jump in fixed costs due to hiring of marketing personnel to tap export opportunities and had also participated in industry exhibitions oversees. Additionally, in FY25 the company incurred costs related to the relocation of its Thane operations as well as 2% royalty for use of the Bilcare brand in export markets.

Exposure to raw material price volatility

The primary raw materials for CIL's products include PVC resin and other petrochemical derivatives, whose prices are subject to global market fluctuations. Price volatility in crude oil and raw materials can lead to increased production costs, which may not always be passed on to clients which are pharmaceutical companies, considering that they are much larger entities. This exposes the company to margin pressures, particularly during periods of high input cost inflation.

Analytical Approach: Standalone
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

Liquidity – Adequate

The company's working capital utilization is high marked by ~97% average utilization of fund-based working capital limits for last 12 months ended March 2025. It expects moderate cushion in cash accrual against its scheduled debt repayment obligation. The current ratio and quick ratio of the company stood at 0.99x and 0.64x respectively as on March 31, 2024. The unencumbered cash and bank balance as on December 31, 2024, is Rs.10.70 crore. The gross cash accruals are expected to be above Rs. 10 crore for FY25 and increase substantially over the next two years in line with the strong revenue and profitability improvement. The company has prepaid the loan amount of FY26. Therefore, the company has no repayment in FY26. Hence the company's liquidity position is expected to be adequate till FY26 end (even in the event of low cashflow from operations) as no repayments need to be made in this year.

About the Company

Caprihans India Limited, incorporated in April 1946, is one of India's leading manufacturers of polyvinyl chloride films and aluminium foils that are used for packaging of solid dosage pharmaceutical products and other applications. The company is engaged in the business of pharmaceutical packaging and manufacturing of rigid and flexible PVC films, PVdC coated films, plastic extruded products, aluminium foils and other allied products. It operates from manufacturing plants located in Thane and Nashik, Maharashtra. The company has annual capacity of 62,880 tons. Furthermore, CIL has over 1000 qualified pharma professionals and 200 patents of distinctive solutions awarded.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	936.53	704.19
EBITDA	60.24	62.64
PAT	71.76	-51.62
Total Debt	653.54	773.71
Tangible Net Worth	525.11	473.67
EBITDA Margin (%)	6.43	8.90
PAT Margin (%)	7.57	-7.15
Overall Gearing Ratio (x)	1.24	1.63
Interest Coverage (x)	1.01	0.76

**As per Infomerics Standard*

Status of non-cooperation with previous CRA:

CARE Ratings has continued the ratings under Issuer Not Cooperating category via press release dated May 29, 2024, due to unavailability of information for monitoring the rating.

Any other information: Nil

Rating History for last three years:

Sr.	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					--	--	--
1.	Term Loan (O/S as on February 28, 2025)	Long Term	489.63	IVR BB/ Stable	--	--	--
2.	Cash Credit	Long Term	101.00	IVR BB/ Stable	--	--	--
3.	Letter of Credit	Short Term	20.00	IVR A4	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

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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 (O/S as on February 28, 2025)	--	--	March 2031	395.33	IVR BB/ Stable
Term Loan (O/S as on February 28, 2025)	--	--	March 2031	54.96	IVR BB/ Stable
Term Loan (O/S as on February 28, 2025)	--	--	March 2031	26.30	IVR BB/ Stable
Term Loan (O/S as on February 28, 2025)	--	--	March 2031	13.04	IVR BB/ Stable
Cash Credit	--	--	--	101.00	IVR BB/ Stable
Letter of Credit	--	--	--	20.00	IVR A4

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-caprihans-may25.pdf

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

Annexure 4: List of companies considered for 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