



Press Release

PRO FLEXI PACKAGING PRIVATE LIMITED

October 30th, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	22.55	IVR BB- / Stable [IVR Double B Minus with Stable Outlook]	-	Assigned	Simple
Total	22.55	(Rupees twenty-two crore and fifty-five lakhs 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 the long-term rating of IVR BB- with a stable outlook for the bank loan facilities of PRO FLEXI PACKAGING PRIVATE LIMITED (PFPPPL).

The assigned rating takes into consideration the experience of the promoters and locational advantage as the company's new plant is located in Nelagarh, Himachal Pradesh, which would give raw material and labour benefits to the company. However, these rating strengths are partially offset by project execution risks involved in the under-construction project including the risk of time and cost overrun. Furthermore, these rating strengths are partially offset and susceptibility to fluctuation in raw material prices.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that PFPPPL will continue to benefit on account of stable outlook for plastic industry.

IVR has principally relied on the standalone audited financial results of PFPPPL up to 31 March 2023 (refers to period April 1st, 2022, to March 31st, 2023), provisional financial results of PFPPPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY25, (refers to period April 1st, 2024, to March 31st, 2025) FY26 (refers to period April 1st, 2025, to March 31st, 2026) and FY27 (refers to period April 1st,



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2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Completion of project on timely basis without any cost and time overruns.

Downward Factors

- Significant delay in implementation of project with significant cost-overruns.
- Lower than expected operating performance leading to a significant decline in envisaged sales and margins.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

Mr. Ayush Bhatia and Mr. Utkarsh Bhatia are the primary promoters of the company, each with over ten years of experience in the industry. In addition, foreign investor Miroslav Ivanov Hinkov from Bulgaria holds an 11.37% share. He is the founder of Mechatronica SC, a Bulgarian manufacturer of packaging machines, which is part of the Wifag-Polytype group from Switzerland. Mechatronica has been producing machines for flexible packaging, including laminate tubes, for 20 years, providing the company with valuable connections to customers and suppliers during its initial operations. Additionally, Syarhey Lesahoraw and Yigal Koifman serve as directors. Lean Group Limited holds 54.02% of the shares in PFPPL and is also involved in the packaging business, supporting the company in establishing its operations.

- **Strategic locational advantage:**

The company's plant is located at Nelagarh in Himachal Pradesh, which facilitates easy availability of raw material from nearby the region. The project site enjoys healthy infrastructure facilities resulting in smoother operations.



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Key Rating Weaknesses

- **Project implementation risk**

The project is in the construction stage; therefore, project implementation risk prevails. Any delay in the commercial date of operation would adversely affect future revenue and cash accruals, therefore, remains a key rating driver over the medium term. As per the schedule the Date of commencement of commercial operation starts from 01st April'25 and FY26 will be the first full year of operations.

- **Susceptibility to volatile raw material prices:**

The companies under the industry are exposed to risk of fluctuations in raw material prices. The prices of polymer and plastic are volatile, and susceptible to change in global prices and regional demand supply dynamics.

- **Funding Arrangement:**

The estimated cost of project is Rs. 40.29 crores and project is proposed to be funded by a mix of debt & equity. The timely arrangement of promoter's own fund is also critical for the timely execution of project. The company has currently secured financial closure from the bank for the funding.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Instrument/Facility wise Default Recognition & Post-Default Curing period](#)

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

Liquidity – Adequate

PRO Flexi Packaging Private Limited's liquidity will be driven by the support from the promoters with timely infusion of liquidity as per the expected timeline. Currently, there is an infusion of share capital of Rs. 15.00 crore till August'24 (Verified from MCA) and is expected to remain adequate on account of current portion of long-term debt (CPLTD) of Rs 1.97 crore in FY26, as the commencement of operation starts from April'2025. The company had



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projected to generate cash accrual of Rs. 3.05 crore in FY26 with cash and bank balance of Rs. 3.45 crore in FY26. Further, FY26 will be the first full year of operations with projected current ratio stood at 1.38x as on 31st Mar'26.

About the Company

PRO FLEXI PACKAGING PRIVATE LIMITED (PFPL) is a private limited company established under Companies act 2013, on 25/02/2021 (CIN No. – U25209DL2021PTC37795) with three directors namely Mr. Ayush Bhatia, Shri Utkarsh Singh and Shri Ishu Agarwal. Company is having its registered B-4/148 C, Safdarjung Enclave, New Delhi.

PFPL has an authorized share capital of Rs. 10 crores, consisting of 1 crore equity shares at Rs. 10 each. As of March 31, 2024, the paid-up capital is Rs. 6.09 crores, with 6,088,268 shares at Rs. 10 each. The latest shareholding pattern as of September 25, 2024, shows 17.27% held by promoters, 54.02% by Lean Group Limited, and 28.71% by others.

The proposed project is a manufacturing unit of PE Tubes having its application for Cosmetics, Personal Care, Pharma etc. with an installed capacity of 5.04 crores plastic tubes. Further, the plant is located at Mauza Kheda Nihla, Circle Nanowal, Tehsil Nalagarh, Distt. Solan (H.P.).

Financials Standalone:

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	0.00	0.00
EBITDA	-0.09	-0.01
PAT	-0.09	0.00
Total Debt	1.13	0.06
Tangible Net Worth	6.59	7.48
EBITDA Margin (%)	NM**	NM
PAT Margin (%)	NM	NM



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Overall Gearing Ratio (x)	0.17	0.01
Interest Coverage (x)	-13.29	NM

* Classification as per Infomerics Standard

**Not Meaningful

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

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. 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
1.	Fund Based Limits	Long Term	22.55	IVR BB-/ Stable (IVR Double B minus with stable outlook)	-	-	-

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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: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan 1	-	-	-	Door-to-Door Tenor – 8 years Ending in October'2032	13.00	IVR BB-/Stable (IVR Double B minus with stable outlook)
Term Loan 2					4.30	IVR BB-/Stable (IVR Double B minus with stable outlook)
Cash Credit	-	-	-	-	5.25	IVR BB-/Stable (IVR Double B minus with stable outlook)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-PROFlexi-oct24.pdf>

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

Annexure 4: List of companies considered for consolidated analysis: Not Applicable.



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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.

