

Winner Impex

February 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.52 (Reduced from 3.13)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	25.75 (Reduced from 30.75)	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings reaffirmation reflects the adequate performance of Winner Impex (WI) in FY24 and 9M FY25, despite moderation owing to lower average realisations on account of declining raw material prices and subdued export demand, and CARE Ratings Limited's (CARE Ratings) expectations of stable performance in the medium term. While the firm's total operating income improved by 18% y-o-y to Rs. 103 crore in FY24 on account of significant volume growth and better realisations, its revenue in FY25 is expected to moderate by 20-25% YoY. Its operating profitability, which improved in FY24 to 8.9% (PY: 7.5%) on the back of better absorption of fixed costs and decline in freight charges, is also expected to normalise going forward. The ratings continue to be tempered by WI's leveraged capital structure with overall gearing of 3.19x as on March 31, 2024 (PY: 2.56x) on account of high dependence on working capital borrowings due to stretched receivables and moderate debt coverage indicators marked by PBILDT interest coverage at 2.17x and total debt/PBILDT at 4.25x in FY24. The ratings also consider the stretched liquidity profile on the back of low cash and bank balance and limited buffer from high average utilisation of sanctioned bank limits.

The ratings draw comfort from the experience of its partners in the paper industry for more than two decades and their resourcefulness with a track record of supporting the business through infusion of unsecured loans. The ratings, however, are constrained by the working capital-intensive nature of operations, exposure to volatility in raw material prices and foreign exchange fluctuation risks. The ratings also consider the fragmented and competitive nature of industry coupled with geographical and customer concentration risk and risks associated with partnership nature of constitution of firm.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations while maintaining PBILDT margins.

Negative factors

- Deterioration in capital structure with overall gearing remaining above 3x on a sustained basis.
- Stretched working capital cycle above 120 days on sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings expects the overall performance of the firm to continue satisfactorily in the coming years driven by experience of partners.

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and moderate debt coverage indicators

The capital structure of WI stood leveraged owing to high dependence on external borrowings as well as unsecured loans to fund its operations. Thus, the overall gearing stood at 3.19x as on March 31, 2024 (PY: 2.56x). Further, debt coverage continued to remain moderate as marked by interest coverage of 2.17x during FY24 (PY: 2.74x) and total debt/PBILDT at 4.25x as on March 31, 2024.

Working capital intensive nature of operations

The operations of WI are working capital intensive in nature on account of funds are being blocked in inventory and receivables. Hence, operating cycle continues to remain elongated at 120 days in FY24 on account of stretched collection period of 103 days due to large proportion of exports. Further, WI gets minimal credit period of 15-20 days from its suppliers as WI procures raw

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

material from domestic market and it deals with suppliers on cash basis to get cash discount. This has led to high utilisation of the working capital limits of more than 90% for past twelve months ending in January 2025.

Volatile raw material prices & foreign exchange fluctuation risk

The major raw material of WI includes paper whose prices are very volatile in nature thus impacting profitability margins of the firm. Further, during FY24, WI exported more than 90% of its products to countries in Africa such as Mozambique, Tanzania, Uganda, etc thereby exposing it to forex fluctuation risk. Although the firm hedges its export by utilizing forward contracts, any adverse movement in forex rates could dent its profitability. The firm reported a forex gain of Rs. 1.09 crore during FY24 compared to Rs. 1.52 crore during FY23.

Fragmented and competitive nature of industry coupled with geographical and customer concentration risk

Indian paper and printing industry is characterized as fragmented & competitive with very little differentiation in terms of service offering. WI faces direct competition from various organized and unorganized players in the market and this restricts the profits margins. Further the price flexibility also remains constrained due to low bargaining power with the customers. Top 5 clients accounted for more 90% of the overall sales in 9MFY25 reflecting high customer concentration risk. Out of the same, sales to customers in foreign countries is concentrated thereby increasing the geographical concentration risk.

Partnership nature of constitution of firm

The entity is exposed to inherent risk of partners' capital being withdrawn, which could adversely impact its liquidity and capital structure. Its constitution also impacts its ability to raise capital. During FY24, Rs. 0.80 crore the partners withdrew capital worth as against an infusion of Rs. 0.95 crore during FY23. Nevertheless, CARE Ratings notes that the partners have a track record of supporting the business through infusion of funds in the form of unsecured loans which is expected to continue going forward.

Key strengths**Improvement in scale of operations; likely to moderate in FY25**

The improvement in scale of operations by 18% YoY in FY24 was majorly attributed to increase in volume sales due to increase in demand from existing customers along with high input prices which the firm was able to pass on to its customers. However, scale of operations continues to remain modest. Further, the profitability improved marked by PBILDT margin at 8.98% (PY: 7.47%) on account of decline in freight costs in FY24. The PAT margin marginally decreased by 1.80% due to increase in interest costs on account of high borrowings and stood at 2.72% during FY24 compared to 2.77% during FY23. In 9MFY25, the firm achieved total income of Rs. 55 crore. CARE Ratings expect WI's performance to moderate in FY25 due to subdued demand in Q2FY25 and correction in raw material prices.

Experienced partners with a long track record of operations

Winner Impex (WI) is partnership firm was established in the year 2000 by Mr. Kalpesh Shah, Mr. Dharmesh Parikh, Mrs. Rekha Parikh, Mr. Ashok Doshi and Mr. Jayesh Doshi. All the partners are having more than two decades of experience into similar line of business.

Liquidity: Stretched

Liquidity is stretched marked by high utilization of its working capital limits providing limited liquidity headroom. The firm is expected to generate gross cash accruals of Rs. 1.50 crore p.a. over the next 1-2 years which is tightly matched against its scheduled repayments of Rs. 0.88 crore for FY25. Cash-flow from operations remained negative at Rs. 7 crore and unencumbered cash and bank balance was low at Rs. 0.54 crore as on March 31, 2024. Nevertheless, the partners have extended timely financial support to the firm and are expected to continue to support its liquidity going forward.

Applicable criteria[Definition of Default](#)[Liquidity Analysis of Non-financial sector entities](#)[Rating Outlook and Rating Watch](#)[Manufacturing Companies](#)[Paper & Paper Products](#)[Financial Ratios – Non financial Sector](#)[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Household Products	Stationary

Winner Impex (WI) is partnership firm engaged in manufacture and supply of stationary books namely exercise books, counter books, composition book, printed registers, copier paper and forms etc. It was established in 2000 by Mr. Kalpesh Shah, Mr. Dharmesh Parikh, Mrs. Rekha Parikh, Mr. Ashok Doshi and Mr. Jayesh Doshi. The firm operates a manufacturing facility in Palghar with an installed capacity of 200 MT per month as on March 31, 2024. It generates ~95% of its revenue from overseas market (viz. West and East Africa, Mozambique, Tanzania, Uganda, Kenya, Liberia, Zambia and UAE markets) and rest from domestic markets.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	88.36	104.21	55.00
PBILDT	6.60	8.53	NA
PAT	2.45	2.84	NA
Overall gearing (times)	2.56	3.19	NA
Interest coverage (times)	2.74	2.46	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March 2029	1.52	CARE BB-; Stable
Fund-based - LT/ ST-Post Shipment Credit	-	-	-	-	23.25	CARE BB-; Stable / CARE A4
Fund-based - LT/ ST-Post Shipment Credit	-	-	-	-	2.50	CARE BB-; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	1.52	CARE BB-; Stable	-	1)CARE BB-; Stable (18-Mar-24)	1)CARE BB-; Stable (29-Mar-23) 2)CARE BB-; Stable (18-Jul-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Nov-21)
2	Fund-based - LT/ST-Post Shipment Credit	LT/ST	23.25	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (18-Mar-24)	1)CARE BB-; Stable / CARE A4 (29-Mar-23) 2)CARE BB-; Stable / CARE A4 (18-Jul-22)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (29-Nov-21)
3	Fund-based - LT/ST-Post Shipment Credit	LT/ST	2.50	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (18-Mar-24)	1)CARE BB-; Stable / CARE A4 (29-Mar-23) 2)CARE BB-; Stable / CARE A4 (18-Jul-22)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (29-Nov-21)

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Post Shipment Credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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