

## Alutech Packaging Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	103.21 (Reduced from 113.01)	CARE BBB-; Stable	Reaffirmed
Short Term Bank Facilities	21.80 (Enhanced from 11.00)	CARE A3	Reaffirmed
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation in the ratings assigned to the bank facilities of Alutech Packaging Private Limited (APPL) derives strengths from experience of promoters with long track record of operations leading to established business relationship with diversified clientele and suppliers. The ratings further draw strength from moderate financial risk profile as reflected with improving profitability margins albeit slight moderation in the scale of operations during FY24 and comfortable capital structure.

The ratings strengths are, however, partially offset by susceptibility of operating profitability to volatility in raw material prices, foreign exchange fluctuation risk coupled with working capital-intensive nature of operations and competitive & fragmented industry with low entry barriers albeit favourable growth prospects. The company's operational and financial performance during FY24 was slightly moderated against the estimated performance envisaged during the year.

CARE has also withdrawn short term ratings assigned to LCBN limit. The withdrawal is based on account of limit stands cancelled by the Axis bank.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in total operating income of the company along with profitability margins as reflected by PBILDT margins above 10% on sustained basis.
- Improvement in overall capital structure as reflected by overall gearing below unity on sustained basis.

#### Negative factors

- Deterioration in scale of operation below Rs 250 crores coupled with PBILDT Margins below 7% on sustained basis.
- Any significant deterioration in capital structure due to increasing reliance on debt as reflected by overall gearing more than 1.75 times on sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The "Stable" outlook assigned to the bank facilities of APPL takes into account capabilities of the management due to its long track record of operations to mitigate the inherent risk pertaining to raw material fluctuations as well as working capital intensive nature of operations without compromising much on its operational aspects.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced and resourceful promoters with long track record of operations

Alutech Packaging Private Limited (APPL) was incorporated on July 28,2010, by two friends Mr. Anil Kumar Mittal and Mr Rakesh Goel. The entity is a closely held company wherein almost entire equities are held by Mittal and Goel family. The operations of the company are collectively managed by Mr Anil Kumar Mittal, Managing Director of the company and Mr. Rakesh Goel, Whole Time Director, both the promoters are highly experienced and are well supported by team of experienced and professional individuals in their respective domains. Furthermore, promoters are resourceful and have shown their ability to support business requirements by funds infused in the form of unsecured loans having outstanding of Rs.17.32 crores as at March 31,2024, (PY: Rs.21.79 crores) which is subordinated to bank loan.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Diversified and reputed clientele and suppliers**

Over time, APPL has established a reputed customer base which includes reputed API manufacturers and well-known pharma distributors. Further, company deals with multiple buyers as Top 5 buyers contributes only 11.90% of revenue from operations during FY24 which was 13.75% of revenue from operations during 9MFY25, this implies limited reliance on any single buyers leading to negligible customer concentration risk.

In procurement side, company imports ~30% Aluminium Foils stock from Bahrain and ~80% of PVC resin procured from Japan. Company deals with some of the reputed suppliers which provides confidence over quality and timely delivery of its products to ultimate buyers.

**Moderate financial risk profile**

The company's scale of operations remains moderated as reflected by deterioration of 6.5% to Rs.299.75 crore during FY24 (Audited, refers to the period April 01 to March 31) as compared to Rs.320.62 crore during FY23 (Audited, refers to the period April 01 to March 31). Despite of moderation in scale, GCA of the company improved in FY24 and stood at Rs.13.03 crore in FY24 as against Rs.10.28 crore in FY23. The company's operational and financial performance during FY24 was slightly moderated against the estimated performance envisaged during the year. Company envisaged to achieve TOI of Rs.325 crore and PAT of ~Rs.15.70 crore in FY24 however able to achieve Rs.299.75 crore with PAT of Rs.9.05 crore.

In the current financial year company has booked revenue of around Rs.235.69 crore during 9MFY25 (Provisional, refers to the period April 01 to December 31) which shows companies scale of operations in FY25 is in line of FY24.

The profitability margins of the company have improved during FY24 as reflected by PBILDT margin and PAT margin of 9.28% (PY: 4.96%) and 3.02% (PY: 2.45%) respectively. The decline in PBILDT during FY23 was majorly due to high-cost inventory holding of aluminium foils stock which company procured from overseas buyers, expecting price rise of aluminium foils stock, however, same had declined over the period leading to substantial deterioration in profitability margins of the company. However, the major proportion of high-cost inventory is already squared off in FY23 and some proportion in FY24 coupled with backward integration for manufacturing of PVC Films (one of the raw materials) in their newly setup unit located in Baddi, Himanchal Pradesh which company used to import previously. Thus, these updates will improve profitability margins of the company coupled with reduction in foreign currency exposure which can be traced from improving profitability margins in FY24 as reflected by PBILDT and PAT margins.

**Comfortable Capital Structure**

The capital structure of the company remains comfortable with improvement during FY24 reflected by long term debt equity ratio and overall gearing ratio of 0.45x and 1.07x respectively as at March 31,2024, as compared to 0.70x and 1.38x respectively as at March 31,2023.

The improvement was mainly on account of prepayment of term loans coupled with accumulation of profits in net worth. The partial prepayment was made from sale of machinery for around Rs.19.42 crores, which was procured for installation in Baddi, HP plant. This machine was earlier procured for backward integration relating to aluminium foils stock (one of the major raw materials), however, due to environmental issues and compliances it was not feasible for company to continue with installation. Thus, the company decided to sell it out for loss of Rs.1.60 crores and has prepaid the loan. Currently, company is partially importing PVC resin and aluminium foils stock from overseas markets. Moreover, going forward company don't have debt funded capex requirements which will improve capital structure on account of scheduled repayment of term debts from internal accruals.

**Key weaknesses****Susceptibility of operating profitability to volatility in raw material prices and foreign exchange fluctuation risk**

APPL's key raw materials include Aluminium foils stock and PVC resin. Company used to procure both the raw materials from both overseas markets and domestic markets. However, company has established second unit in Baddi, Himanchal Pradesh for manufacture of one of the key raw materials PVC films which is produced from plastic resin. The prices of Aluminium foil stock and plastic resin had remained highly volatile over the period of time which was also one of the key reasons for substantial deterioration in profitability margins of company during FY23. However, in FY24 and FY25 raw material price volatility remains stable which has improved the profitability margins. The operating profitability of the company is expected to be slightly affected during FY26 by anti-dumping duty recently imposed by Government of India on aluminium foils stock from China, though this risk will be mitigated to some extent as company doesn't import aluminium foil stock from China. Furthermore, company would be expected to pass the increase in prices to its customers to mitigate such risk.

APPL's majorly imports its requirement of aluminium foils stock and has partial hedging policy for its import payables, its profitability is exposed to adverse movements in foreign exchange rates. Thus, company has booked foreign exchange fluctuation gain of Rs.0.99 crore during FY24 as against loss of Rs. 2.05 crores during FY23.

### Working capital-intensive nature of operations

APPL's operations are highly working capital-intensive, reflected by the total capital employed of Rs 179.29 crore as on March 31, 2024, mainly deployed in its working capital requirements. APPL's operating cycle remained high at 125 days during FY24 (PY: 111 days), mainly due to the longer collection period as company allows almost 3 months credit period to its buyers and in comparison, gets credit period from its suppliers of around one-two months only. Further, company is required to keep inventory of raw materials for around two months for smooth processing and supply of its products to buyers. Thus, due to elongated operating cycle average utilisation of working capital limits remains moderate during the last 12 months ending February 2025 at 77.83%.

The company continues to have higher debtors outstanding of Rs. 72.56 crore (PY: Rs. 80.84 crore) as on March 31, 2024, as against revenue from operations of Rs.299.75 crore. Moreover, these trade receivables include outstanding for more than 6 months of Rs ~5.17 crores (PY: Rs.4 crores) as at March 31,2024.

Any major increase in the working capital borrowings, going forward, leading to a deterioration in the capital structure will be a key monitorable.

### Competitive and fragmented industry with low entry barriers albeit favourable growth prospects

Packaging material for pharma industry is highly fragmented with the presence of a large number of unorganized regional players. Further, being simple manufacturing process requires lower capex requirements which provides low entry barriers for new manufacturers. The intense competition is also driven by low entry barriers in terms of technology requirements and limited product differentiation. The major factors that will drive growth in this industry are likely to be the cost effectiveness and durability of packaging material produced by the company. In addition to that, company deals with some of the reputed name both on the buyer and procurement side which leads to low bargaining power for packaging material manufacturers.

### Liquidity: Adequate

The company has earned Gross Cash Accruals (GCA) of Rs 13.03 crores during FY24 and has generated GCA of ~Rs.18 crores in 9MFY25. Company is projecting to generate GCA of around Rs. ~20-22 crores, Rs. ~25-27 crores in FY25 and FY26 respectively as against scheduled repayment obligations of ~Rs.8.41 crores and ~Rs.9.82 crores for FY25, and FY26 respectively. The current and quick ratio stood at a moderate level of 1.66x and 1.13x, as on March 31, 2024, as compared with 1.43x and 1.03x as on March 31, 2023. Furthermore, the operating cycle of the company also remains slightly elongated at 125 days during FY24 which has remain in similar line of 111 days during FY23. Thus, due to moderate operating cycle, companies average working capital utilisation also remains moderate at 77.83% during the last 12 months ended February 2025.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Withdrawal Policy](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Diversified consumer products

Alutech Packaging Private Limited (APPL) was incorporated on July 28,2010, by two business partners Mr. Anil Kumar Mittal and Mr. Rakesh Goel. The company is engaged in slitting, laminating, coating and printing of aluminium foils and PVC films to manufacture sill packs used in the pharmaceutical packaging industry from its manufacturing unit located in Bahadurgarh, Haryana. During FY22, company has established its second unit in Baddi, Himanchal Pradesh to do backward integration wherein

they are manufacturing PVC films which company used to import previously. Currently the business is managed by Mr. Anil Kumar Mittal in the capacity of Managing Director and Mr. Rakesh Goel in the capacity of Whole time Director (WTD).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25(UA)
Total operating income	320.62	299.75	235.69
PBILDT	15.90	27.82	30.26
PAT	7.86	9.05	15.54
Overall gearing (times)	1.38	1.07	NA
Interest coverage (times)	1.54	2.58	4.36

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

**Status of non-cooperation with previous CRA:** CRISIL has continued the ratings assigned to the bank facilities of Alutech Packaging Private Limited as "Issuer Not Co-operating" vide its press release dated July 08, 2024 on account of its inability to carryout review in the absence of requisite information from the company.

**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-Cash Credit		-	-	-	73.25	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	June 2029	29.96	CARE BBB-; Stable
Fund-based - ST-PC/Bill Discounting		-	-	-	0.00	Withdrawn
Fund-based - ST-Purchase Invoice Financing		-	-	-	8.80	CARE A3
Non-fund-based - ST-Forward Contract		-	-	-	1.00	CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	12.00	CARE A3

**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-Cash Credit	LT	73.25	CARE BBB-; Stable	1)CARE BBB-; Stable (23-Apr-24)	-	-	-
2	Fund-based - LT-Term Loan	LT	29.96	CARE BBB-; Stable	1)CARE BBB-; Stable (23-Apr-24)	-	-	-
3	Fund-based - ST-Purchase Invoice Financing	ST	8.80	CARE A3	1)CARE A3 (23-Apr-24)	-	-	-
4	Non-fund-based - ST-Letter of credit	ST	12.00	CARE A3	1)CARE A3 (23-Apr-24)	-	-	-
5	Fund-based - ST-PC/Bill Discounting	ST	-	-	1)CARE A3 (23-Apr-24)	-	-	-
6	Non-fund-based - ST-Forward Contract	ST	1.00	CARE A3	1)CARE A3 (23-Apr-24)	-	-	-

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-PC/Bill Discounting	Simple
4	Fund-based - ST-Purchase Invoice Financing	Simple
5	Non-fund-based - ST-Forward Contract	Simple
6	Non-fund-based - ST-Letter of 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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