Prefect Packaging Private Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	11.00 (Enhanced from 6.15)	CARE BB; Stable	Upgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating upgrade to the bank facilities of Prefect Packaging Private Limited (PPPL) considers growing scale of operations coupled with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin on a sustained basis, experienced promoters and established relationship with reputed clientele. The rating further continues to be constrained by working capital intensive nature of operations, leveraged capital structure and moderate debt coverage indicators, high customer concentration risk, presence in highly fragmented and competitive nature of industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with total operating income exceeding Rs.70 crore with PBILDT margin of more than 10% on a sustained basis.
- Improvement in capital structure with overall gearing reaching below 1.25 times on sustained basis.
- Diversification in end user industries of customers with reduction in revenue contribution from top customers.

Negative factors

- Deterioration in the capital structure with the overall gearing exceeding 3 times on a sustained basis.
- Deterioration in debt coverage indicator marked by total debt to Gross Cash Accrual (TD/GCA) exceeding above 7.50x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the company will continue to benefit from its experienced promoters along with favourable demand outlook.

Detailed description of key rating drivers:

Key weaknesses

Working capital intensive nature of operations

The operations of PPPL are working capital intensive evident from average debtors' period of 77 days (improved from 94 days as at the end of FY24) and inventory holding period of around 45 days as at the end of FY25 (Prov.). Improvement in debtors' days is due to faster realisation from the customers at the yearend owing to the company being part of Micro, Small and Medium Enterprises (MSME). However, due to the competitive nature of packaging industry, the company needs to offer liberal credit policy. PPPL generally holds inventory of around 45 days to meet the customers demand on time. Credit period available from supplier helps to offset company's working capital requirement to some extent. Therefore, as at the end of FY25 (prov.) overall working capital cycle slightly elongated to 60 days from 54 days as at the end of FY24. The company's working capital limit utilisation also remains high denoted by average limit utilization of 87.35% for the past 12 months ended May 2025.

Leveraged capital structure and moderate debt coverage indicators

PPPL's capital structure remained leveraged, with an overall gearing of 1.90x as on March 31, 2025 (Provisional), compared to 1.80x as on March 31, 2024. The marginal increase was primarily due to higher total debt, comprising term loans, working capital borrowings, and lease liabilities. Debt coverage indicators remained moderate, with total debt to gross cash accruals (GCA) at 6.99x in FY25 (Provisional) against 6.91x in FY24. However, the interest coverage ratio improved to 2.52x in FY25 (Provisional) from 2.42x in FY24, supported by higher PBILDT relative to finance cost.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

High customer concentration risk and lower bargaining power against clients

The top 10 customers of the company contributed to 82.33% of the sales in FY25 (Prov.) indicating high customer concentration risk. Moreover, the company's TOI is heavily dependent on pharmaceutical companies exposing the company to sectoral concentration risk, too. Furthermore, the bargaining power against reputed clientele remains low on account of severely competitive business environment. However, comfort can be drawn from reputed clientele which helps mitigate counter party credit risk to an extent.

Key strengths

Long track record of operations with experienced promoters

The company has established track record of operations with more than a decade of existence in the industry. The overall operations of the company are managed by Mr. Jamal Agwan, director having more than 28 years of experience in the printing and packaging industry.

Growing scale of operations, yet remained moderate, sustained PBILDT margin during FY25

The scale of operations of the company has been growing with a CAGR of 12% over the last six year (FY20-FY25), though remained moderate at Rs.57.63 crore FY25 (Prov.). The improvement in scale was mainly on account of stabilised operations post shifting of the plant to new premises and addition of new customers. At new location, the company has larger space which has helped to debottleneck manufacturing process resulting in increased manufacturing capacity. The PBILDT margin remained stable at 10.15% in FY25 (Provisional), compared to 10.37% in FY24, with the marginal decline primarily attributable to a slight increase in selling and other operating expenses. Meanwhile, the Profit After Tax (PAT) margin improved modestly to 0.76% in FY25 (Provisional) from 0.69% in FY24, supported by a low proportionate increase in interest and depreciation expenses relative to the higher scale of operations. The company has an order in hand of ~Rs.3.00 crore and expects to achieve TOI in the range of Rs.60-65 crore during FY26. Going forward, the company's ability to grow its topline along with maintaining PBILDT margins remain a key monitorable from the credit perspective.

Established relationship with reputed clientele

Over the years of its operations, the company has been able to manage its relationship with clients of high repute in pharmaceutical and other industries. The company has maintained the relationship for last couple of years with some reputed clients like Proctor and Gamble Health Limited, Sun Pharmaceuticals Limited, Glenmark Pharmaceuticals Private Limited, Wockhardt Limited and others. The company offers value added processes like - Drip-Off and Spot-UV, 3D-Emboss, Foil-Stamping, matt Lamination, Interlock Carton, Mass Stickers, hologram, Anticounterfeit Features, 3D Lamination, Coin reactive. This is expected to result in higher orders from already established reputed clientele as well as addition of new customers.

Liquidity: Adequate

Liquidity position remained adequate marked by the projected GCA of Rs. 3.50-3.75 crore for FY26 as against debt repayment obligation of Rs.2.20 crore for the year. The free cash and bank balance and liquid investments stood moderate at Rs.1.32 crore as on March 31, 2025 (Prov.). The average utilization of the fund based working capital borrowing (cash credit) was around 87.35% during past 12 months ended May 2025. Cash flow from operating activities stood at Rs.3.20 crore in FY25 (Prov.).

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

CareEdge RATINGS

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Packaging

Prefect Packaging Private Limited (PPPL) was incorporated in 2009 by Mr. Jamal Agwan and Mrs. Anisha Agwan and is engaged in the packaging business wherein it manufactures folding cartons, printed cartons, labels, and catch covers majorly for pharmaceutical industry at its manufacturing facility located at Vasai, Maharashtra. The company has installed a new line of machines which has resulted in increase in installed capacity from 20,00,000 cartons per day to 25,00,000 cartons per day. The capex was completed in FY25 but the enhanced capacity has become fully operational from May 2025.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	45.60	53.27	57.63
PBILDT	2.82	5.52	5.85
PAT	6.32	0.37	0.44
Overall gearing (times)	2.10	1.80	1.90
Interest coverage (times)	2.34	2.42	2.52

A: Audited UA: Unaudited; 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-Cash Credit		-	-	-	11.00	CARE BB; Stable

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	11.00	CARE BB; Stable	-	1)CARE BB-; Stable (28-Jun-24)	1)CARE BB-; Negative (07-Jul-23)	1)CARE BB-; Negative (28-Jun-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (28-Jun-24)	1)CARE BB-; Negative (07-Jul-23)	1)CARE BB-; Negative (28-Jun-22)

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash 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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