

Euro Panel Products Limited

July 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	26.61	CARE BBB+; Stable	Assigned
Long-term / Short-term bank facilities	133.39	CARE BBB+; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Euro Panel Products Limited (EPPL) derives strength from extensive experience of promoters with established track record of operations with strong brand presence in Aluminium Composite Panel (ACP) market, volume backed growth in scale of operations along with improvement in profitability, its comfortable financial risk profile and adequate liquidity. The ratings also factor expected growth in its scale of operations and further improvement in EPPL's profitability upon realisation of envisaged benefits from recently completed capex in the near term.

However, ratings are constrained due to high working capital intensity of EPPL's operations, its presence in a cyclical and competitive industry and susceptibility of its profitability to volatile raw material prices and foreign exchange rate fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial growth in total operating income (TOI) with profit before interest, lease rental, depreciation and taxes (PBILDT) above 10.50%.
- Improvement in total debt to gross cash accruals (TD/GCA) below 3x.

Negative factors

- Dip in TOI below ₹400 crore and/or dip in PBILDT margin below 8% on a sustained basis.
- Significant increase in working capital intensity or debt-funded capex leading deterioration in overall gearing above 1.2x on a sustained basis.
- Sustained increase in inventory holding period above 170 days.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company shall continue to benefit from its experienced promoters and its brand presence in the domestic market.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of operations with strong brand

Mr. Rajesh Shah, founding promoter, has over two decades of experience in Aluminium Composite Panels (ACP) industry and he oversees the company's overall operations. He is supported by his son, Mr. Divyam Shah, who manages production and procurement, and his daughter, Ms. Krishna Shah, who is at the helm of branding and marketing.

EPPL has five production lines for ACP and has recently operationalised colour coating line, as a backward integration exercise. EPPL markets its products under "EUROBOND" brand name through 17 depots, 90+ dealers and distributors across India and overseas. Further, EPPL has established wholly owned subsidiary in Qatar to expand its global presence.

Volume-backed growth in scale of operations and improvement in profitability

EPPL's TOI grew at a compounded annual growth rate (CAGR) of 31% for five-year ending FY25 (FY refers to April 01 to March 31), reaching ₹423.60 crore (FY24: ₹396.61 crore), supported by growth in volume. CareEdge Ratings expects EPPL's TOI to grow further with increase in revenue from depots.

EPPL's profitability, marked by PBILDT margin, has shown an upward trend over the past three years, improving to 9.97% in FY25 from 8.40% in FY24. With better utilisation of colour coating line and operationalisation of ground mounted solar plant, EPPL's PBILDT is expected to improve further in the near-to-medium term.

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

Comfortable financial risk profile

EPPL has comfortable capital structure marked by overall gearing of 0.97x as on FY25 end (FY24: 1.02x). The improvement in overall gearing is mainly due to accretion of profit to reserves.

Further, with increased profitability, debt coverage indicators marked by interest coverage and total debt by Gross cash accruals (TD\GCA) have improved in FY25 to 3.73x (3.45x in FY24) and 4.92x (6.16x in FY24) respectively. While working capital borrowings are expected to increase, financial risk profile is projected to remain comfortable in the medium term, driven by volume-backed growth in TOI and improvement in profitability.

Key weaknesses

High working capital intensity of operations

EPPL's operations remains working capital intensive marked by gross current assets days of 195 days (PY: 197 days) and operating cycle at 143 days (PY: 127 days) in FY25. Wide product portfolio and lack of colour coating line in the past mandated EPPL to maintain high inventory levels to meet customer demand resulting in high inventory holding of 159 days in FY25 (PY: 153 days). With operationalisation and better utilisation of colour coating line, inventory holding period is expected to reduce in coming years. Nevertheless, efficient management of the incremental working capital requirement remains crucial from the credit perspective.

Susceptibility of profitability to volatility in raw material prices and exchange rate fluctuations

EPPL's key raw materials—aluminium coils and plastic granules—are highly volatile in price, comprising ~72% of TOI in FY25 (PY: ~76%). Aluminium prices are cyclical and globally linked, while plastic granules fluctuate with crude oil prices. While EPPL imports aluminium from China, its sales are predominantly concentrated in the domestic market. In the absence of an active hedging policy and order-backed inventory, EPPL's profitability remains susceptible to fluctuations in exchange rates and raw material prices.

Exposure to inherent cyclicity in demand in a competitive industry

EPPL operates in the highly competitive and price-sensitive ACP industry, facing pressure from both organised and unorganised players. Limited pricing power constrains EPPL's ability to fully pass on increases in raw material costs, thereby impacting profitability; moreover, any cost pass-through typically occurs with a time lag. Additionally, as ACP demand is tied to the cyclical real estate and construction sectors, EPPL remains vulnerable to economic fluctuations in these end-user industries.

Liquidity: Adequate

EPPL's liquidity remains adequate, with healthy cash accruals of ₹38-60 crore over the next three years, comfortably covering scheduled debt repayments of ₹9-12 crore. EPPL has generated GCA of ₹26.30 crore for FY25 (FY24: ₹19.06 crore). Further, cash flow from operations (CFO) remained ₹10.74 crore in FY25 (FY24: ₹6.46 crore). EPPL's cash and bank balance including free investments stood at ₹0.14 crore as on FY25 end. Further, the average month end bank working capital utilization (Fund based) for the past 12-months period ending May 2025 stood at ~81% and non-fund-based limit stood at 93%. EPPL's current ratio stood at 1.42x for FY25 (FY24 – 1.46x) and quick ratio stood at 0.40x for FY25 (FY24 – 0.36x).

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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Aluminium Copper & Zinc Products

Euro Panel Products Limited (EPPL) is incorporated by Rajesh Shah in December 2013. It is engaged in manufacturing of Aluminium Composite Panel (ACP) with an installed capacity of 25,000 Square meter (Sq mtr) per day (annual capacity – 90 lakh sq mtr). Its manufacturing facility is located Umbergaon, Valsad, Gujarat. The company has established brand and markets its product under "Eurobond". EPPL manufactures and sells Aluminium High-Pressure Laminate (Aluminium HPL), ACP, Fire retardant panels, Aluminium Honeycomb Panels, Aluminium Core Composite panel, Zinc Composite Panel among others.

Brief Financials

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	396.61	423.60
PBILDT	33.31	42.23
PAT	14.61	18.43
Overall gearing (times)	1.02	0.97
Interest coverage (times)	3.45	3.73

A: Audited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits		-	-	-	60.89	CARE BBB+; Stable / CARE A3+
Non-fund-based - LT/ ST-BG/LC		-	-	-	72.50	CARE BBB+; Stable / CARE A3+
Term Loan-Long Term		-	-	30-09-2029	26.61	CARE BBB+; 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	Term Loan-Long Term	LT	26.61	CARE BBB+; Stable				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	60.89	CARE BBB+; Stable / CARE A3+				
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	72.50	CARE BBB+; Stable / CARE A3+				

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/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

3	Term Loan-Long Term	Simple
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Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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