Euro Panel Products Limited

September 09, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	133.39	CARE BBB+; Stable / CARE A3+	Reaffirmed
Long-term bank facilities	RBI	26.61	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Euro Panel Products Limited (EPPL) continues to derive strength from its promoters' extensive experience with established track record of operations, strong brand presence in aluminium composite panel (ACP) market, continued volume-backed growth in scale of operations, improvement in profitability margins, comfortable debt coverage indicators, and adequate liquidity.

Ratings also factor in the growth in the total operating income (TOI) to ₹503.93 crore in FY26 from ₹423.40 crore in FY25 and year-on-year (y-o-y) improvement in the profit before interest, lease rental, depreciation and taxes (PBILDT) margin to 11.02% in FY26 from 9.93% in FY25 led by the timely completion and successful stabilisation of the capex, which was in line with the envisaged levels.

However, ratings are constrained by high working capital intensity of EPPL's operations, moderate capital structure, its presence in a cyclical and competitive industry and susceptibility of its profitability to volatile raw material prices and foreign exchange rate fluctuations. The successful completion and stabilisation of the ongoing capex also remain a key credit monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial growth in TOI with PBILDT above 10.50% on a sustained basis.
- Improvement in total debt to gross cash accruals (TD/GCA) below 3x on a sustained basis.

Negative factors

- Decline in TOI below ₹400 crore and/or deterioration 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 leading to deterioration in liquidity profile of the company.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company shall sustain its overall scale of operations and financial risk profile considering 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

Rajesh Shah, founding promoter, has over two decades of experience in the ACP industry and oversees the company's overall operations. He is supported by his son, Divyam Shah, who manages production and procurement, and his daughter, Krishna Shah, who leads branding and marketing.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

EPPL has five production lines for ACP and a colour-coating line as a backward integration exercise. EPPL markets its products under the "EUROBOND" brand name through 17 depots and over 110 dealers and distributors across India and overseas. EPPL has also established a wholly owned subsidiary in Qatar to expand its global presence while other subsidiaries for fabrication and other allied activities.

Increase in scale of operations and improvement in profitability

EPPL's TOI grew at a compounded annual growth rate (CAGR) of 18.34% for the five-year ending FY26 (FY refers to April 01 to March 31), reaching ₹503.93 crore in FY26 compared to ₹423.60 crore in FY25. The growth was supported by an increase in volume and improved realisations. TOI has increased by 10.02% y-o-y to ₹503.93 crore in FY26 due to increased price realisation and an increase in the quantity sold considering increased penetration in the market through addition of distributors and stabilisation of the capex undertaken in the past. Quantity sold has increased by 13.59% to 57.58 lakh square metre (sq. mtr.) in FY26. The sales realisation has increased by 4.67% y-o-y to ₹864.26 per sq. mtr. in FY26. The company achieved a TOI of ₹119.99 crore in Q1FY27. Thus, continuous volume-backed growth in scale of operations remains a key credit monitorable.

EPPL's profitability has gradually improved over the last three years, as marked by PBILDT margin improved from 8.40% in FY24 to 11.02% in FY26. In FY26, it improved by ~109 basis points (bps) to 11.02% owing to higher price realisation and commissioning of backward integrated in-house colour-coating line, which also reduced its dependence on imports. Profit after tax (PAT) margin stood moderate but improved to 5.40% in FY26 compared to 4.35% in FY25 in line with PBILDT margins. In Q1FY27, PBILDT margin remained stable at 11.05%, and the company expects its profit margins to remain at similar levels in the near-to-medium term.

Comfortable debt coverage indicators

Debt coverage indicators slightly improved and remained comfortable in FY26 as marked by PBILDT interest coverage at 4.59x in FY26 compared to 3.71x in FY25. TD/GCA slightly improved but remained moderate at 4.48x in FY26 compared to 4.92x in FY25. The improvement in the debt coverage indicators was due to improving profitability margins which were partially offset by an increase in debt levels. With continued debt-funded capex being undertaken by the company, the debt coverage indicators are expected to remain at similar levels in the near term.

Key weaknesses

Moderate capital structure

EPPL's capital structure continues to remain moderate, as marked by overall gearing at 1.06x as on March 31, 2026 compared to 0.97x as on March 31, 2025 due to high reliance on external debt. Its debt profile largely comprises external debt in the form of working capital borrowings and term debt. The total outside liabilities to tangible net worth also stood moderate at 1.41x as on March 31, 2026 (1.32x as on March 31, 2025). The marginal moderation in the capital structure was considering increased working capital borrowings. With continued reliance on external debt and increasing working capital requirements to fund its growing scale of operations, the capital structure is expected to remain at moderate levels in the near term.

Working capital intensive operations

EPPL's operations remain working capital intensive, marked by a gross current assets period of 209 days in FY26 (PY: 195 days) and an operating cycle of 151 days in FY26 (PY: 143 days). The wide product portfolio with depots at a pan-India level mandated EPPL to maintain high inventory levels to meet customer demand, resulting in high inventory holding of 154 days in FY26 (PY: 159 days). Average collection period remained at 37 days in FY26 (PY: 37 days), while the creditor period remained at 39 days in FY26 (PY: 52 days). With operationalisation and better utilisation of the colour-coating line, the inventory holding period has slightly reduced in FY26. As the company relies on working capital borrowings, efficient management of incremental working capital requirement remains a key credit monitorable.

Susceptibility of profitability to raw material price volatility and exchange rate fluctuations

EPPL's key raw materials are aluminium coils and plastic granules. the prices of which are highly volatile. 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. The said structure partially provides a natural hedge. 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 cyclicality in demand existence in a competitive industry

EPPL operates in the highly competitive and price-sensitive ACP industry, facing pressure from organised and unorganised players. Limited pricing power constrains EPPL's ability to fully pass on increases in raw material costs, impacting profitability; moreover, cost pass-through typically occurs with a time lag. 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 expected GCA over the next three years, comfortably covering scheduled debt repayments of ₹11.39 crore in FY27 and ₹10.67 crore in FY28. EPPL has generated GCA of ₹36.35 crore for FY26 (PY: ₹26.30 crore). The cash and liquid investments stood low at ₹0.53 crore as on March 31, 2026 compared to ₹0.14 crore as on March 31, 2025. The average maximum utilisation of the fund-based limits stood at ~88.42% for the 12 months ending April 2026. EPPL's current ratio stood at 1.39x for FY26 (FY25: 1.44x) and quick ratio stood at 0.39x for FY26 (FY25: 0.41x). Cash flow from operations stood negative at ₹5.82 crore in FY26 compared to positive of ₹10.55 crore in FY25.

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Aluminium, copper & zinc products

Incorporated in December 2013 by Rajesh Shah, EPPL is engaged in manufacturing ACP with an installed capacity of 25,000 sq. mtr per day (annual capacity – 90 lakh sq. mtr). Its manufacturing facility is at 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, and zinc composite panel among others.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	423.40	503.93	119.99
PBILDT	42.03	55.52	13.26
Profit after tax (PAT)	18.43	27.20	4.96
Overall gearing (x)	0.97	1.06	NA
Interest coverage (x)	3.71	4.59	3.56

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	60.89	CARE BBB+; Stable / CARE A3+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-	-	-	-	72.50	CARE BBB+; Stable / CARE A3+
Term Loan-Long Term	RBI	Simple	-	-	-	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 2026-2027	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
1	Term Loan-Long Term	LT	26.61	CARE BBB+; Stable	-	1)CARE BBB+; Stable (18-Jul-25)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	60.89	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (18-Jul-25)	-	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	72.50	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (18-Jul-25)	-	-

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

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

Annexure-4: 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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Akhil Goyal Director **CARE Ratings Limited** Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Ashish Kambli Associate Director **CARE Ratings Limited** Phone: 022-67543597 E-mail: Ashish.k@careedge.in Saurabh Darak Lead Analyst **CARE Ratings Limited** E-mail: Saurabh.darak@careedge.in

About us:

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