

Goodluck Packaging Pvt Ltd

Brickwork Ratings Reaffirms the long term and short term ratings for the Bank Loan Facilities of Goodluck Packaging Pvt Ltd ('GPPL' or the Company') for a reduced aggregate amount of Rs 7.95 crs

Particulars:

Instruments / Facilities**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2019)^	Present
Fund based	11.42	7.75	Long Term	BWR B+ (Stable)	BWR B+ (Stable) (Reaffirmed)
Non Fund Based	0.20	0.20	Short Term	BWR A4	BWR A4 (Reaffirmed)
Total	11.62	7.95	Rs Seven Crores and Ninety Five Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank Loan facilities are provided in Annexure-I

^ RNR as on 22 Jan 2020 & Rating Advisory Issued on 12 May 2020

RATING ACTION / OUTLOOK

BWR has essentially relied upon the Audited financials of GPPL for FY19, Provisional financials for FY20 and projections upto FY21, other information as available in the public domain, as well as information / clarifications provided by the company and its bankers, to arrive at the present ratings.

BWR has **reaffirmed** the rating for the long term bank loan facilities of Rs.7.75 Crs of GPPL (reduced from Rs. 11.42 crs) at **BWR B+, with a Stable outlook**, and has also **reaffirmed** the rating for its short term bank loan facilities of Rs.0.20 crs at **BWR A4** (aggregate rated amount reduced from Rs. 11.62 crs to Rs. 7.95 crs)

The reaffirmation of ratings derives strength from the long experience of the promoter, stable demand for the company's products and improvements in the revenue. However, the rating is



constrained by a dip in operating profit margins, weak debt coverage ratios, moderate leverage, stretched liquidity, and intense competition in the industry.

BWR believes that the business risk profile of Goodluck Packaging Private Limited will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

KEY RATING DRIVERS

Credit Strengths:

- **Long Experience of Director:** The Director of the company Mr. Rohit Bajaj has experience of more than 2 decades in the industry and is well supported by Mrs. Neetu Bajaj in managing the day to day operations of the company.
- **Stable Demand for the Products:** The demand for the corrugated boxes is stable. Moreover the company is supplying its products to some companies engaged in production of necessity items which is likely to boost their sales volume
- **Improvements in Revenue-** TOI of the company has improved from Rs. 20.64 crs in FY18 Rs. 23.25 crs in FY19 which has further improved to Rs. 29.63 crs in FY20 as per the provisional financial figures.

Credit Risks:

- **Moderate Financial Profile:** OPM & NPM of the company stood at 12.24% & 0.62% in FY19. Moreover the OPM of the company has declined from 14.51% in FY18 to 12.24% in FY19. It has further declined to 9.30% in FY20.
- **Moderate Gearing and DSCR:** Total Gearing of the company also remained a bit on the higher side standing at 2.82 times in FY19. DSCR of the company remained low at 0.81 times in FY19.
- **Competition in Industry:** Since this sector in the industry is quite unorganised, the company faces stiff competition from other players in the industry.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria given below (hyperlinks provided at the end of this rationale).



RATING SENSITIVITIES

Going forward, the ability of the company to improve its scale of operations & profitability and to acquire more orders will be key rating sensitivities.

Positive: The ratings of the company might be upgraded if there is consistent and substantial improvement in the turnover and profitability, apart from other factors favouring an upgrade.

Negative: The ratings of the company may be downgraded in case of substantial decline in the financial position of the company, deterioration in profitability or liquidity position, or in case of any delay in servicing of debt obligations

LIQUIDITY INDICATORS

STRETCHED

The liquidity position of the company remains stretched with the current ratio of the company standing at 0.90 times in FY19 and 0.73 as per FY20 (P). Net Cash Accruals of the company stood at Rs. 1.39 crs in FY19 & FY20(P). Cash & Cash Equivalents of the company stood low at Rs. 0.15 crs in FY19 (Rs.0.41 crs as per FY20P). Average utilisation of the CC remained at 75-80%. ISCR of the company remained at 1.93 times, however the DSCR stood low at 0.81 times in FY19. As per provisional FY20 figures ISCR & DSCR stood at 2.11 & 0.80 times in FY20. The repayment obligations of the company are 2.02 crs for one TL and Rs. 0.09 crs for Parameterised loan (TL) in FY21.

COMPANY'S PROFILE

Goodluck Packaging Private Limited (GPPL) was incorporated in November 2009 however its commercial production was started in May, 2016. Mr. Rohit Bajaj and Mrs. Neetu Bajaj are the directors of the company. The head office is situated in Tollygunge, Kolkata. GPPL is engaged in manufacturing of corrugated boxes. The manufacturing unit is located at Kolkata, West Bengal with a 5 ply corrugated plant in a built up area of approx 1.4 lakhs sq ft.

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	Rs.Crs.	23.25	20.64
EBITDA	Rs.Crs.	2.84	3.00
PAT	Rs. Crs.	0.14	0.00
Tangible Net Worth	Rs.Crs.	4.93	4.78
Total Debt/Tangible Net Worth	Times	2.82	3.19
Current Ratio	Times	0.90	1.00

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY - CRISIL B/Stable (Issuer not Cooperating) as on Sept 06, 2019

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

S. No	Name of Instrument	Current Rating(17-09-2020)			Chronology of Rating History for the past 3 years along with outlook/watch, if applicable														
		Type	Amount Outstanding (Rs. in Crs.)	Rating	Date(s) & rating(s) assigned in year 2019	Date(s) & rating(s) assigned in year 2018	Date(s) & rating(s) assigned in year 2017												
1.	Bank Loan Facility	Fund Based	7.75	BWR B+ Stable (Reaffirmed) with reduction in amount	21.01.19 <table border="1"> <tr> <td>FB</td> <td>11.42</td> <td>BWR B+ (Stable)</td> </tr> <tr> <td>NFB</td> <td>0.20</td> <td>BWR A4</td> </tr> </table>	FB	11.42	BWR B+ (Stable)	NFB	0.20	BWR A4	---	06.07.17 <table border="1"> <tr> <td>FB</td> <td>13.08</td> <td>BWR B+ (Stable)</td> </tr> <tr> <td>NFB</td> <td>0.20</td> <td>BWR A4</td> </tr> </table>	FB	13.08	BWR B+ (Stable)	NFB	0.20	BWR A4
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NFB	0.20	BWR A4																	
FB	13.08	BWR B+ (Stable)																	
NFB	0.20	BWR A4																	
Total			7.95	BWR A4, (Reaffirmed),	INR Seven Crores and Ninety Five Lakhs Only														



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**

Hyperlink/Reference to applicable Criteria

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Goodluck Packaging Pvt Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1.	Federal Bank	Term Loan	0.33	-	0.33
		Cash Credit	6.00	-	6.00
		GECL (Working Capital Term Loan)	1.30	-	1.30
		Parameterised Loan (Term Loan)	0.12	-	0.12
		Bank Guarantee	-	0.20	0.20
Total Rupees Seven Crores and Ninety Five Lakhs only					7.95

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corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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