



XO Pack Private Limited

Instrument	Amount	Rating Action
	Rs Crore	October 2015
Long Term Fund Based Facilities	4.92	[ICRA]B assigned
Long Term / Short Term Proposed facilities	2.42	[ICRA]B/[ICRA]A4 assigned

ICRA has assigned a long term rating of [ICRA]B (pronounced ICRA B)^{*} to the Rs. 4.92 crore[†] fund based facilities of XO Pack Private Limited ("XOPPL/ the company"). ICRA has also assigned a long term / short term rating of [ICRA]B / [ICRA]A4 (pronounced ICRA B/ ICRA A four) to the Rs. 2.42 crore proposed facilities of XO Pack Private Limited.

The ratings assigned take into account the limited track record and modest scale of operations of the company, the stretched financial position of the company with negative net worth owing to losses accrued during the past two years of operations on a small equity base, although the promoters have brought in additional funding in the form of unsecured loans. The ratings are also constrained by the low, albeit growing, capacity utilization of the company which was around 25% during FY 2014-15, the high working capital intensity of the company's operations caused by the high inventory stocking and stretched receivable position, though extended credit provided by the suppliers moderates working capital requirements to an extent. The ratings also consider the intense competition faced from numerous unorganised players given the fragmented nature of the industry and the low entry barriers.

The ratings assigned also take into account the company's state of the art manufacturing facility with an installed capacity to manufacture up to 18,000 Metric tons of corrugated cartons per year, the healthy order book position of the client, with high value orders received from new customers during the year likely to support growth in revenues and capacity utilisations going forward. ICRA also takes into account the healthy demand outlook for packaging industry due to strong growth anticipated in end user segments like FMCG, Food & Beverages and Pharma, etc as well as the long standing experience of the promoters in manufacturing and international trade.

Company Profile

XO pack Pvt. Ltd. was established in 2011, and is engaged in manufacture and supply of corrugated cartons and other packaging solutions. The company is located in SEZ, Kakkanad with a current production capacity of 50 metric tonnes per day, equipped with state of the art technology supported by the latest quality testing machines. The company has a fully automatic 5ply corrugated unit with online printing and folder gluing facilities. The promoters of the company are Mr. S. Mohan Nair and Mr. M. Muraleedharan who are vastly experienced, having been engaged in related businesses for several decades and is adequately supported by experienced operational staff. The company presently caters to packaging requirements of other companies in the SEZ as well as other Export oriented units.

Recent results

XO Pack Private Limited recorded a net profit of Rs. 0.24 crore on an operating income of Rs. 6.5 crore during the period April 2015 to September 2015 as per unaudited financial statements; as against a net loss of Rs. 1.9 crore on an operating income of Rs. 10.2 crore during FY 2014-15 as per the audited financial statements.

October 2015

^{*} For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

[†] 100 lakh = 1 crore = 10 million



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