

Press Release

Maruti Papers Limited

December 28, 2020



Rating withdrawn

Total Bank Facilities Rated	Rs.67.00 crore
Long Term Rating	ACUITE BBB- (Withdrawn)
Short Term Rating	ACUITE A3 (Withdrawn)

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and the short term rating of '**ACUITE A3**' (**read as ACUITE A three**) on the Rs. 67.00 crore bank facilities of Maruti Papers Limited.

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuité's policy on withdrawal.

Shamli (U.P.) based, Maruti Papers Limited (MPL) was incorporated in the year 1988 and it commenced commercial operation in 1990. The company is promoted and managed by Mr. Rajeshwar Kumar Bansal Mr. Atul Bansal, Mr. R.K. Bansal, Mrs. Anjana Bansal, the company is engaged in the production of ecofriendly recycled multilayer Kraft Paper. The company has an installed capacity of 1,35,000 MTPA. MPL has expanded its installed capacity along with upgradation to latest technology.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

MPL has an established track record of over two decades. The Promoter, Mr. Rajeshwar Bansal, is associated with the company since its inception, and he is managing day-to-day operations of the company. The management over the years has successfully implemented the expansion of the installed capacity from 6,000 MTPA to current capacity of 1,35,000 MTPA.

Above average financial risk profile

The financial risk profile of the group is marked by modest net worth, high gearing and comfortable debt protection metrics. The net worth of the group stood at Rs. 28.17 Cr. as on 31 March, 2020 as against Rs.39.94 Cr. as on 31st March, 2019. The gearing (debt-equity) stood at 2.26 as on March 31, 2020 against 1.20 on March 31, 2019. Moreover, the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood healthy at 3.57 times and 2.18 times in FY2020 as compared to 3.59 times and 2.15 times in FY2019, respectively. The NCA/TD stood at 0.18 times in FY2020.

Weaknesses

- **Working capital intensive operations**

The group's working capital operations are efficient marked by Gross Current Asset days of 109 days in FY2020 as against 117 days in FY2019. This is majorly on account of high debtor period of 79 days in FY2020 . The inventory days stood at 23 days in FY2020 against 31 days in FY2019.

Rating Sensitivity

Not applicable

Material Covenants

None

Liquidity Profile: Strong

The group's liquidity is strong marked by net cash accruals of Rs.11.69 crore in FY2020. The current ratio stood at 1.97 times as on March 31, 2020 as against 1.58 times as on March 31, 2019. The company maintains unencumbered cash and bank balances of Rs.0.22 crore as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	244.21	253.35
PAT	Rs. Cr.	4.08	2.58
PAT Margin	(%)	1.67	1.02
Total Debt/Tangible Net Worth	Times	2.26	1.20
PBDIT/Interest	Times	3.57	3.59

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entities-<https://www.acuite.in/view-rating-criteria-61.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation of companies-<https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
07-Oct-2019	Cash Credit	Long Term	33.00	ACUITE BBB-/Stable (Reaffirmed)
	Term Loan	Long Term	32.71	ACUITE BBB-/Stable (Reaffirmed)
	Proposed long term	Long Term	0.79	ACUITE BBB-/Stable (Reaffirmed)

	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
04-Sep-2018	Cash Credit	Long Term	33.00	ACUITE BBB-/Stable (Reaffirmed)
	Term Loan	Long Term	32.71	ACUITE BBB-/Stable (Reaffirmed)
	Proposed long term	Long Term	0.79	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
16-Aug-2017	Cash Credit	Long Term	10.00	ACUITE BBB-/Stable (Assigned)
	Term Loan	Long Term	9.50	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A3 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.) Crore	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	33.00	ACUITE BBB- (Withdrawn)
Term Loan	Not Available	Not Applicable	Not Available	32.71	ACUITE BBB- (Withdrawn)
Proposed long term	Not Available	Not Applicable	Not Available	0.79	ACUITE BBB- (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3 (Withdrawn)

Contacts

Analytical	Rating Desk
<p>Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in</p> <p>Shubham Ghosh Analyst - Rating Operations Tel: 033-66201212 shubham.ghosh@acuite.in</p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.